EXHIBIT A

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

IN RE CREDIT SUISSE – AOL SECURITIES LITIGATION	Case No. 1:02 CV 12146 (Judge Gertner)
This document relates to: ALL ACTIONS	

Declaration of René M. Stulz

I. Qualifications

1. My name is René M. Stulz. I hold the Everett D. Reese Chair in Money and Banking at the Ohio State University. I am also Director of the Dice Center for Research in Financial Economics at the Ohio State University and a Research Associate of the National Bureau of Economic Research in Cambridge, Massachusetts. Since receiving my Ph.D. in Economics from the Massachusetts Institute of Technology in 1980, I have taught at the Massachusetts Institute of Technology, the University of Rochester, the University of Chicago, and the Ohio State University. I was a Bower Fellow at the Harvard Business School from 1996 to 1997.

2. I am an expert in financial economics. I am a past president of the American Finance Association, a fellow of the American Finance Association and of the Financial Management Association, and a past president of the Western Finance Association. I received a Doctorate Honoris Causa from the University of Neuchâtel in Switzerland, and the Eastern Finance Association gave me its Finance Scholar award in recognition of my contributions to financial economics. I serve on the editorial boards of more than ten academic and practitioner publications. I was editor of the *Journal of Finance*

for twelve years and co-editor of the *Journal of Financial Economics* for five years. I serve on the boards of the Community First Financial Group, the Peninsula Financial Group, Banque Bonhôte, and Weggelin Fund Management. I have been a consultant for the IMF, the World Bank, the New York Stock Exchange, the Federal Reserve Bank of New York, corporations, and law firms. I have published more than sixty articles on issues in financial economics, authored a textbook, and edited several books.

3. A copy of my curriculum vitae is attached as Appendix A. A list of all cases in which I have provided testimony in the last four years is attached as Appendix B.

II. Assignment

4. I have been asked by counsel for Credit Suisse Securities (USA) LLC (f/k/a Credit Suisse First Boston LLC) (CSFB) to assess the following questions:

a. Whether analyst reports by CSFB published on AOL Time Warner (AOL) that are mentioned in the Second Consolidated Amended Class Action Complaint (Complaint) affected the stock price of AOL during the class period (January 12, 2001 to July 24, 2002.) As part of this inquiry, I have also been asked to review and opine on Dr. Scott D. Hakala's expert report in this matter filed on March 2, 2007 (the Hakala Report).

b. Whether AOL's stock price reacted to the disclosure of information that the Complaint alleges was omitted by CSFB from its AOL reports during the class period.

c. Whether the risks to AOL posed by a weak advertising market in 2001 were known to the market.

5. In undertaking this assignment, I have relied upon documents and data related to issues in this case. These materials are listed in Appendix C.

III. Summary Of Opinions

6. Based on the analysis described in the remainder of this Declaration, I have reached the following conclusions:

a. A rigorous, scientific analysis of whether the stock-price movements of AOL's common stock were affected by CSFB's analyst reports on AOL during the class period indicates that CSFB's reports did not affect AOL's stock price during the class period.

   i. CSFB's reports did not impact AOL's stock price as a whole.

   ii. Only one day of the 34 days identified in the Complaint on which CSFB published a report on AOL was associated with a positive, statistically significant movement in AOL's stock price. This day, April 18, 2001, was a day on which a number of analyst reports were issued on AOL following AOL's announcement of better-than-expected financial results. However, AOL's stock-price movement on this day cannot be attributed to CSFB's report because a review of AOL's intra-day stock-price movements demonstrates that AOL's stock price had achieved all of its gain that day prior to the release of CSFB's report on AOL to the market.

   iii. Dr. Hakala's results regarding the significance of AOL's stock price movements on analyst-report days cannot be relied upon because his purported "event study" is flawed.

b. It is not surprising that the CSFB reports did not impact AOL's stock price for the following reasons:

   i. Except for two days during the class period on which CSFB lowered its price target for AOL, CSFB's recommendations and price targets in its reports on AOL were reiterations, not

new news. Academic research has shown that there is typically no impact on the stock price of a company when an analyst reiterates his/her recommendation and price targets for the company, all other things being equal.

ii. CSFB's equity analysts covering AOL were not the most prestigious analysts covering AOL during the class period.

iii. Throughout the period that CSFB covered AOL, CSFB's forecasts for AOL's 2001 earnings before interest, taxes, depreciation and amortization (EBITDA), revenue, cash earnings per share (EPS), and 12-month price targets were comparable to those of more prestigious analysts. In fact, CSFB's forecasts were lower than or equal to those of several more prestigious analysts for most of the relevant period that CSFB was covering AOL.

c. There is no evidence that the disclosure to the market of information about allegedly inappropriate accounting and layoffs at AOL (that were allegedly omitted from CSFB's AOL reports) had any effect on AOL's stock price.

i. The "curative disclosures" of allegedly inappropriate accounting in the *Washington Post* articles of July 18, 2002 and July 19, 2002 did not result in statistically significant movements in AOL's stock price.

ii. The Plaintiff offers no evidence that the announcement of layoffs at AOL on August 13, 2001 is related to the alleged information that CSFB did not disclose. Moreover, there is no evidence that this announcement caused a statistically significant price reaction in AOL's stock.

iii. The publication of allegations on October 21, 2002 of an AOL-specific analyst conflict at CSFB did not result in a statistically

significant movement in AOL's stock price. This is not surprising given the lack of impact on AOL's stock price of CSFB's reports when issued.

d. The market was well aware of the risks to AOL from the weak advertising market in 2001.

i. Contrary to the Plaintiff's assertion, CSFB's reports on AOL discussed the slow-down and eventual downturn in the advertising market.

ii. Moreover, the slow growth in advertising expenditures and the eventual downturn in the advertising market in year 2001 were reported in numerous analyst reports and in the public press before and during the class period.

iii. While the market was well aware of the slow-down and eventual downturn in the advertising market and the fact that the weak advertising market would have an impact on AOL's business, AOL represented to the market that its performance was less dependent on advertising revenues than other comparable firms, and, for many months in 2001, that its revenue objectives would be achieved. Many analysts reiterated these statements. Some prestigious analysts, however, also expressed caution to the market about the effect of the advertising slump on AOL.

IV. The CSFB Analyst Reports Had No Impact On The Stock Price Of AOL

A. CSFB's Reports Did Not Impact AOL's Stock Price as A Whole.

7. The Complaint in this matter lists 34 days on which CSFB issued a total of 35 analyst reports on AOL.[1] For 34 of the 35 reports, the CSFB rating for AOL was a "Buy", with one report containing no rating.[2] CSFB's highest rating in general was a "Strong Buy."[3] To investigate whether these 35 CSFB analyst reports had a statistically significant impact on AOL's stock price, I first follow the conventional approach used in academic studies of evaluating the average stock-price reaction to the reports across all 35 reports.[4]

8. This approach allows for the probability that one or two days out of 34 may be associated with a statistically significant positive stock-price reaction even if analyst reports have no impact whatsoever on the stock price. The reason for this probability is straightforward: on any day, there is some chance that a stock will have a large positive return or a large negative return. In fact, by definition, if the criterion for statistical significance is the conventional 95% level, a sample of stock returns on days that analyst reports are published is expected to have 5% of the days showing a significant stock-price reaction, even if it is known that analyst reports have no stock-price impact whatsoever.[5] Consequently, when investigating a sample of stock returns occurring on days when analyst reports are released, one would expect one out of 20 days when analyst reports are published (i.e., 5% of the reports) to have a significant stock-price reaction even if none of the reports actually had any

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[1] CSFB issued two reports on June 25, 2001. See Exhibit 1 for a list of the CSFB report dates and titles. The Complaint incorrectly states the date of the report titled "Concerns About Entertainment Group Priced AOL; Buy at Current Levels" as September 18, 2001. It was dated September 19, 2001.
[2] CSFB's report dated July 12, 2001 focused on the internet industry and did not issue any rating for AOL.
[3] See, for example, CSFB's report on AOL dated September 19, 2001.
[4] All the academic papers cited in the Court's Memorandum and Order Re: Defendants Motions to Dismiss, December 7, 2006, which report univariate statistics on the impact of analyst reports treat analysts as a group and present averages across reports from different analyst firms. The relevance of such averages has been questioned by the Courts in some cases (see, for instance, *DeMarco v. Lehman Brothers Inc.*, July 7, 2004.) In this Declaration, the average I focus on is the average across all reports by the same analysts, namely the CSFB analysts covering AOL.
[5] Significance at the 95% level means that there is only a 5% chance that a return could be that large by chance alone. Consequently, in a large sample, 5% of the returns will be that large by chance alone.

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impact on the stock price. It would be misleading to then point to the report associated with a significant stock-price reaction as evidence that the analyst had a significant impact on the stock price, since doing so would amount to ignoring the fact that the nineteen other reports did not have a significant stock-price reaction.[6] As one looks at more days individually, the likelihood of observing a day associated with a significant stock-price movement increases. Evaluating the average stock-price reaction (as a whole across all reports) avoids this incorrect conclusion because it allows for the fact that there will be large positive and negative returns in a sample of returns even if analysts have no stock-price impact.

9. To measure stock-price movements associated with disclosures and other news, financial economists developed a technique known as an "event study," which has been widely used for almost 40 years.[7] I have used this technique repeatedly in my peer-reviewed research.[8]

10. As Professor MacKinlay states in a review article on event studies, "Using financial market data, an event study measures the impact of a specific event on the value of a firm."[9] To determine whether an event has affected the return on a given day, the event study isolates the effect of market and industry factors on that day.[10] The effect of market and industry factors makes it possible to estimate a stock's expected return on that day, i.e., what

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[6] A similar problem is encountered when assessing evidence that a stock strategy beats the market. The fact that, out of a large number of strategies, one beats the market has to be assessed differently than if only one strategy had been tried and it beats the market. See Ryan Sullivan, Allan Timmermann, and Halbert White, "Data-Snooping, Technical Trading Rule Performance, and the Bootstrap," *Journal of Finance* 54, no. 5 (1999): 1647-1691.

[7] For a review of the role of event studies in litigation, see Mark L. Mitchell and Jeffry M. Netter, "The Role of Financial Economics in Securities Fraud Cases: Applications at the Securities and Exchange Commission," *The Business Lawyer*, vol. 49, February 1994, pp. 545-590.

[8] My resume lists my publications. Of these publications, eighteen contain an event study. The first event study listed on my resume is "The Eurobond Market and Corporate Financial Policy: A Test of the Clientele Hypothesis," with Yong Cheol Kim, *Journal of Financial Economics*, 1988, v22 (2), 189-205.

[9] A. Craig MacKinlay, "Event Studies in Economics and Finance," *Journal of Economic Literature* 35, March 1997, p. 13. This article provides many citations to articles discussing event-study methods as well as to examples of event studies.

[10] Sometimes, it is necessary to take into account other factors that affect the stock price. For instance, in studying an oil producing company, it might be appropriate to use changes in the price of oil as an additional factor.

the return would have been in the absence of the event.[11] The difference between a stock's actual return and its expected return is the stock's "abnormal return." The abnormal return is almost always not zero, but not all abnormal returns are significant. If it is highly probable that the abnormal return is not due to chance alone (i.e., if the abnormal return is statistically significant), the abnormal return may be deemed attributable to that event. To the extent that there is more than one piece of news released to the market at a given point in time, however, the event study cannot isolate the effect of each disclosure.

11. The event-study method relies on the fact that, in an efficient market, an event that provides new information to the market about a firm is incorporated into the firm's stock price almost immediately. One can therefore investigate the change in the firm's stock price when it is affected by the new information, taking into account contemporaneous changes in known determinants of the stock price not attributable to the event.

12. The most common approach in the event-study literature is to estimate the relation between a firm's stock returns and economy-wide and industry factors for a period that precedes the event subject to analysis. In this litigation, such an approach is not feasible because the first CSFB report was published on the day of the America Online-Time Warner merger. I therefore estimate the model for AOL's stock return over the class period excluding the "effective date" of each of the CSFB reports, where the effective date of a report is the report date for reports released before the close of trading on the report date and the next trading day for reports released after the close of trading on the report date.[12]

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[11] In the language of financial economists, the expected return estimated is actually the "conditional expected return" – it is the expected return conditional on the day's market and industry returns.

[12] Based on CSFB's logs of the time of release of its AOL reports (CSFB-AOL_0004243-4274), CSFB's reports dated April 10, 2001, August 2, 2001, November 26, 2001, and January 30, 2002 were released after the close of trading on the report date. Therefore, the effective date for these four reports is the trading day after the report date. For all other reports, which were released before the close of the market on the report date, the effective date is the report date. The time of release for the report dated September

13. To evaluate whether an abnormal return is statistically significant, one typically compares the abnormal return to the standard deviation of abnormal returns over the period used to estimate the relation between the firm's return and market and industry returns (with some adjustments when these adjustments are warranted). As one study notes:

> "…An often used convention is the five percent rule – values greater than or equal to 1.96 standard deviations from the mean value are considered significantly different from the typical value because there is only a five percent chance that a randomly selected value will be 1.96 or more standard deviations from the true mean…."[13]

14. I employ regression analysis to identify how AOL's stock returns throughout the alleged class period are related to these two factors. Regression analysis is a commonly used statistical method of determining the relationship between a dependent variable, in this case AOL's stock returns, and specified independent variables, in this case market and industry returns. I determined that the best model of the return of AOL's stock is a model where the stock return depends on the return of the NYSE/Nasdaq Composite index and the return of two indices formed from competitors of AOL identified as such in AOL's 10-Ks.[14]

15. I use the relationship established by my regression model to calculate AOL's expected returns during the class period and compute AOL's abnormal return as the difference between AOL's actual return and its expected return.

19, 2001 was not available, therefore it is assumed to be released prior to market close on the report date. Since CSFB's report dated April 18, 2001 was released late on the report date at 3:58 P.M., I exclude both the report date and the next trading day from the data used to estimate my regression.

[13] Mitchell and Netter, p. 564.

[14] The two competitor indices are composed of firms listed by AOL as competitors in its 10-K filings for 2000, 2001 and 2002, excluding those not publicly traded in the U.S., and those for which less than 50% of year 2000 revenues were generated in the U.S. or in segments competing with AOL. The Internet competitor index includes Earthlink, United Online (previously Net Zero), and Yahoo, and the Media competitor index includes The News Corporation, Viacom, and Walt Disney Company. My regression model is able to explain 45.9% of the variation in AOL's stock price, indicating a strong relationship between AOL's stock returns and the three factors that I used. The remaining 54.1% of the variation in the stock price can be explained by company-specific events and factors not captured by my model.

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Exhibit 1 shows AOL's abnormal returns associated with the CSFB reports mentioned in the Complaint on the effective date of the report.[15]

16. If there were, in fact, a causal relationship between the issuance of CSFB analyst reports and the stock price of AOL, one would expect to find that the CSFB reports as a whole caused a significant abnormal reaction in AOL's stock price. However, the average abnormal stock-price reaction (-0.27%) across the effective dates of the 35 CSFB reports listed in the Complaint is statistically insignificant. In other words, looked at as a whole, the CSFB reports had no impact on the stock price of AOL.

B. Only One Day On Which CSFB Published A Report On AOL Was Associated With A Positive Significant Abnormal Movement In AOL's Stock Price. However, AOL's Stock-Price Movement On This Day Cannot Be Attributed To CSFB's Report.

17. Having analyzed the CSFB report dates as a whole, I now turn my attention to each effective date of a CSFB report on AOL to determine the potential impact of each report. As shown in Exhibit 1, on only one of the 34 CSFB report effective dates—April 18, 2001—was the abnormal movement in AOL's stock price positive and statistically significant. Standing alone, this fact cannot serve as a basis for concluding that CSFB's analyst reports on AOL had an impact on AOL's stock price. As previously noted (see paragraph 8 of this Declaration), a normal statistical distribution predicts that, in the absence of any causal relationship, one would expect to observe at least one day on which a CSFB report is associated with a statistically significant movement in AOL's stock price, given that CSFB issued analyst reports on AOL on more than twenty days during the class period.

[15] Any stock-price impact of a CSFB report would be expected to occur on the report's effective date, which, as I defined earlier, is the trading day after the report date for reports issued after the close of trading on the report date, and the report date for reports issued before close of trading on the report date. Exhibit 1 therefore shows AOL's abnormal return on the effective date of the reports.

18. Moreover, AOL's intra-day stock-price movements on April 18, 2001, shown in Exhibit 2, demonstrate that CSFB's report could not have caused the increase in AOL's stock price on this day. Exhibit 2 shows that AOL had already reached its end-of-day price of $49 by about 11:02 A.M. following its announcement of first quarter 2001 results at 6:02 A.M. However, it is evident from references to AOL's "intra-day price of $49" in CSFB's April 18 report that this report was issued after the stock price reached $49, and therefore could not have caused the price increase from the prior day's close of $43.90 to $49. My review of CSFB's logs of the timing of its AOL report dated April 18, 2001 confirms that the report was released at 3:58 P.M.[16] After reaching the price of $49, and before the CSFB report was released, AOL's stock price moved briefly to $50, its high price for the day, before staying fairly steady around $49 until the end of the day.[17]

19. In addition to the conclusive evidence presented in Exhibit 2 that the CSFB report could not have caused AOL's stock price increase on April 18, 2001, I note that significant new information about AOL entered the market on April 18, 2001. As previously mentioned, on that day AOL announced its first quarter 2001 results. In fact, all the statements from CSFB's report published on that day cited by the Complaint are statements in which CSFB summarizes the information disclosed on that day by AOL. Though the Complaint states that "Defendants falsely reiterated the 2001 guidance of $40+ billion in revenue and $11 billion in EBITDA" and cited "a firming ad market" as a key driver of growth in the second half of 2001 (paragraph 42), all these statements are actually attributed to AOL in the report.

20. In its earnings announcement on April 18, 2001, AOL posted strong gains in total revenues, EBITDA, cash earnings per share and free cash flow over "Pro

[16] CSFB-AOL_0004257.

[17] Since CSFB's report on AOL was released late in the day of April 18, 2001, I also considered whether AOL's stock price had a significant stock price reaction on the next trading day, April 19, 2001. It did not (AOL's stock price had an insignificant negative abnormal return of -0.09% on April 19, 2001.)

Forma" results[18] for the previous year's comparable quarter and included several positive statements about AOL's prospects by its senior management. The first quarter actual earnings per share released by AOL exceeded the consensus forecast of analysts according to the CSFB analyst report issued that day and public press.[19] It is well-known that the market reacts positively to the announcement of unexpectedly high earnings.[20] Academic studies that analyze stock-price reactions to changes in analysts' earnings forecasts often exclude days with such firm-specific confounding announcements from the sample because of the inability to disentangle the response to the news in the earnings announcement from the response to analysts' forecast revisions.[21]

21. Additionally, on April 18, 2001, at least three other analyst reports were issued by three analyst firms.[22] One of the reports was authored by an analyst at Salomon Smith Barney who was ranked by the Institutional Investor magazine for sectors relevant to AOL.[23] My review of these three analyst reports shows that the analysts were reacting to AOL's positive first quarter earnings announcements, and all of them refer to the fact that AOL exceeded its estimates for the quarter.

[18] Pro Forma results for AOL for the year 2000, released on January 31, 2001, reflected the combined company's financials assuming that the merger occurred on January 1, 1999. See "AOL Time Warner Holds First Meeting With Investors and Analysts in New York City Today," *Business Wire*, January 31, 2001; "AOL Time Warner to Release Pro Forma Historical Results," *Business Wire*, January 26, 2001.

[19] "Wall Street Finds Cheer from AOL Time Warner's Earnings Report," *Knight Ridder Tribune Business News – KRTBN*, April 18, 2001. (The CSFB report states that "differences in how the Street and the company calculate cash EPS make comparisons difficult.")

[20] Eli Bartov, Dan Givoly, and Carla Hayn, "The Rewards To Meeting Or Beating Earnings Expectations," *Journal of Accounting and Economics*, 2002, v33 (2 June), 173-204.

[21] For instance, Asquith et al. report results excluding such confounding announcements in Table 7 of their study. See Paul Asquith, Michael B. Mikhail, and Andrea S. Au, "Information content of equity analyst reports," *Journal of Financial Economics* 75 (2005): 259. Similarly, Ivkovic and Jegadeesh note, "We report the results for the [earnings announcement date] and the next trading day separately because on those two days it is hard to disentangle the price reactions that are in response to the news in the earnings announcements (including any guidance that managers might provide about future earnings) from those in response to earnings forecast revisions." See Zoran Ivkovic and Narasimhan Jegadeesh, "The Timing and Value of Forecast and Recommendation Revisions," *Journal of Financial Economics* 73 (2004): 448.

[22] The analyst firms are Jefferies & Company, Pittsburgh Research, Inc., and Salomon Smith Barney.

[23] Salomon Smith Barney also issued a second report on the same day with very similar content.

C. Dr. Hakala's Results Regarding The Significance Of AOL's Price Movements On Analyst Report Days Are Unreliable Because His Purported "Event Study" Is Flawed.

22. I have reviewed the Hakala Report in this matter, in which Dr. Hakala presents the results of a purported "event study" of AOL's stock price "[i]n order to assess the reaction of AOLTW's share price to relevant news events…."[24]

23. Dr. Hakala uses his purported "event study" to conclude that AOL's stock price incorporated information quickly and efficiently. I agree with that conclusion. However, Dr. Hakala's purported "event study" has significant flaws as a tool to assess the stock-price impact of specific events, such as the stock-price impact of analyst reports published by CSFB. I address these significant flaws below to demonstrate why Dr. Hakala's "event study" cannot be used to assess the stock-price impact of analyst reports published by CSFB. This discussion does not cover all the aspects in which I believe that Dr. Hakala errs in his report.

24. Dr. Hakala appears to believe that traditional techniques used in event studies are somehow no longer appropriate and that there is a new way to perform event studies.[25] Such a view is squarely contradicted by a recent review article which states: "Even the most cursory perusal of event studies done over the past 30 years reveals a striking fact: the basic statistical format of event studies has not changed over time."[26]

25. Dr. Hakala's "event study" does not employ generally accepted techniques in academic finance and his analyses are not based on an accepted method. As I have described earlier, the finance literature has a well-documented event-

[24] Hakala Report, paragraphs 11-18.
[25] In paragraph 15 of his report, Dr. Hakala states that he uses an "integrated regression and event parameter approach."
[26] S.P. Kothari and Jerold B. Warner, "Econometrics of event studies," in *Handbook of Corporate Finance: Empirical Corporate Finance*, Eds. Elsevier/North-Holland, B.E. Eckbo, 2004.

study method for analyzing the impact of particular events on stock prices. Dr. Hakala's method deviates significantly from this well-accepted method, and biases his results towards finding more days with significant abnormal stock-price movements than he would have found had he used the conventional method.

26. The most important aspect in which Dr. Hakala deviates from the accepted event-study method is the way in which he defines what constitutes a normal price movement and what constitutes an abnormal price movement. He subjectively selects 161 "material event" days, amounting in this case to about 38% of his sample of AOL trading days, and removes these days from his calculation of "normal" price movements for AOL using so-called dummy variables.[27] Since any company's returns, including in this case AOL's, are likely to be more volatile on days with news than on other days, removing news days from his analysis has the effect of creating a downward bias in his estimate of the volatility of abnormal returns. This, in turn, triggers a finding of "abnormal" movement more frequently than would be triggered in the accepted methodology for event studies.

27. To justify his use of dummy variables to exclude selected non-event days, Dr. Hakala provides citations of academics using dummy variables or recommending the use of dummy variables. However, none of the references actually recommend the use of dummy variables in the way Dr. Hakala uses them. As an illustration, in footnote 9 of his report, Dr. Hakala cites a textbook by Alexander titled, *Market Models: A Guide to Financial Data Analysis*.[28] I have not found any citations to this textbook before in the context of event studies. This is not surprising since the book has no chapter or section focused on event studies. The term "event study" does not even appear in the book's index. The book, in fact, recommends the use of dummy

[27] A dummy variable is a variable that takes the values 1 or 0 to indicate the presence or absence of some effect. Dr. Hakala's event study used 161 dummy variables, one for each "material event" day, where each dummy variable took on a value of 1 on the date of the material event it represented and 0 otherwise.

[28] Carol Alexander, *Market Models: A Guide to Financial Data Analysis*, West Sussex: John Wiley & Sons Ltd., 2001.

variables for handling certain types of data problems, a context that has nothing to do with event studies.

28. Although I do not in any way endorse the event study in the Hakala Report, his report supports my findings on the lack of impact of the CSFB reports on AOL's stock price in at least two ways. First, Dr. Hakala includes as a "material event" day and notes the issuance of a CSFB report on 28 of the 34 effective dates of the CSFB reports mentioned in the Complaint.[29] Of these 28 days, he only finds two days to have abnormal returns significantly positive at the 95% level of confidence. Dr. Hakala's study finds a significant unanticipated stock return on April 18, 2001, as I do. I have already explained, however, that the return on that day cannot be attributed to the CSFB report. The second CSFB report day on which Dr. Hakala finds a significant unanticipated return is March 23, 2001. My event study, using conventional event study methodology, does not find a significant unanticipated return on that day. Moreover, the CSFB report on March 23, 2001 is completely focused on the departure of Richard Bressler from AOL announced in a *Wall Street Journal* article published the same day and the CSFB report contained no additional new information to which AOL's stock-price reaction on that day can be attributed.[30]

29. Second, of the 34 days that Dr. Hakala considers to be days with "significant analyst comments" discussed in paragraph 17 of his report, where his use of the word "significant" is not related to statistical significance, he mentions the issuance of a CSFB report on only six days. Of these six days, only four days correspond to effective dates of CSFB reports mentioned in the Complaint. He makes no attempt to ascertain whether other information about AOL was

[29] Dr. Hakala's event study does not include the effective dates of four CSFB reports dated March 7, 2001, April 10, 2001, August 2, 2001, and November 26, 2001 as "material event" days, and does not mention the issuance of a CSFB report on two CSFB report effective dates (January 16, 2001 and September 19, 2001.) He includes the report date of the August 2, 2001 report as a "material event" day, but this day is not associated with a significant price reaction in his purported event study.

[30] "Bressler Quits AOL Time Warner; Job at Viacom Seen as Possible," *The Wall Street Journal*, March 23, 2001.

released to the market on these four days, so his evidence in no way implies that the CSFB reports had a significant impact on the stock price. In fact, his statistical test does not show significance at the 95% level for three of these four days, and shows a negative significant return on the fourth day.

V. The Absence Of Any Reaction Of AOL's Stock Price To CSFB's Reports Is Consistent With The Fact That Most Of CSFB's Reports Were Reiterations, That CSFB's Analysts Covering AOL Were Not The Most Prestigious Covering the Company During The Class Period, And That, Throughout The Period That CSFB Covered AOL, CSFB's Forecasts For AOL's Financials And 12-Month Price Target Were Comparable To Or Lower Than Those Of Other More Prestigious Analysts.

30. The analysis presented in the previous section shows that AOL's stock-price movements cannot be attributed to CSFB's reports on AOL either as a whole or individually on any of the report effective dates. This result is not surprising for the following reasons.

A. Except For Two Days On Which CSFB Lowered Its Price Target For AOL, CSFB's Recommendations And Price Targets In Its Reports On AOL Were Reiterations.

31. All of the CSFB reports on AOL that included a recommendation for AOL contained a "Buy" recommendation.[31] CSFB's price target for AOL changed only twice from its initial recommendation of $80, once in its report on February 1, 2001 to $75, and again in its report on September 25, 2001 to $45.[32] That is, except for its first report, and its two reports in February and

[31] As already mentioned, CSFB's report dated July 12, 2001 focused on the internet industry and did not issue any recommendation for AOL.

[32] CSFB's price target of $80 for AOL from January 12, 2001 to February 1, 2001, matched exactly its price target for America Online in its reports prior to the merger. Although CSFB did not provide sufficient detail on its models to ascertain whether this $80 price target was for the combined company's financials, it is likely to have been so since CSFB's January 16, 2001 report has the title "AOL Time Warner." I understand, however, that there is some ambiguity about analysts' practice for stocks of firms that have undertaken a merger when the merger is not yet completed (see Sara Moeller, Fred Schlingeman,

September 2001, all of the CSFB reports on AOL were reiterations of previous recommendations and price targets and therefore did not contain surprises for the market concerning recommendations and price targets. Exhibit 1 shows that AOL's stock-price reactions on the effective dates of the two reports in which CSFB altered its stock-price recommendation and to its first report on January 12, 2001 were not statistically significant.

32. The discussion in Section IV has shown that the CSFB reports as a whole did not impact stock prices.[33] This finding is not surprising when it is considered that most of the CSFB reports were reiterations and contained no new information for the market concerning CSFB's recommendation and price target for AOL. The existing empirical evidence in the finance literature concludes that analyst reiterations of ratings and price targets have an insignificant impact on stock prices, all other factors remaining the same. While there is a large body of finance and accounting literature on the stock-price effects of announcements of analyst recommendations and price targets, much of this literature focuses on changes in recommendations and changes in price targets because of the evidence that reiterations are unlikely to have a price impact. For example, a recent study by Asquith, Mikhail, and Au concludes that "[c]onsistent with our expectations and prior research, we find statistically significant mean returns of 4.5% for upgrades and -6.6% for downgrades, and an insignificant mean reaction of 0.0% for reiterations."[34]

33. In denying defendants' motion to dismiss, the Court cited several academic papers which provide results on the value to investors and on the stock-price impact of analyst recommendations, forecasts, and target prices.[35] These

and René Stulz, "How do diversity of opinion and information asymmetry affect acquirer returns?" *Review of Financial Studies*, forthcoming.)

[33] Repeating this analysis excluding the effective dates of the two reports in which CSFB's price target changed (February 1, 2001 and September 25, 2001) results in the same finding of no statistical significance.

[34] See Paul Asquith, Michael B. Mikhail, and Andrea S. Au, "Information content of equity analyst reports," *Journal of Financial Economics* 75 (2005): 259.

[35] Footnote 21 of the Memorandum and Order Re: Defendants Motions to Dismiss, December 7, 2006 in this litigation.

articles are consistent with the results of my event study. In particular, the articles by Green and Womack focus on changes in analyst recommendations.[36] In the case of CSFB, there were no such changes during the class period. The article by Brav and Lehavy analyzes price target changes.[37] Although that article finds a significant impact of joint reiterations of a recommendation and a target price, the authors do not control for confounding effects. Thus the small but statistically significant stock-price effect they find (0.13%) could be the result of earnings announcements, or other company announcements that coincide with the analyst reports, rather than reiterations.

B. CSFB's Equity Analysts Covering AOL Were Not The Most Prestigious Analysts Covering That Company During The Class Period.

34. The Complaint notes in paragraph 9 that CSFB analyst Jamie Kiggen was "an influential analyst" and that CSFB analyst Laura Martin was "considered an influential analyst, achieving a prestigious third team ranking by the Institutional Investor magazine in 2000 and 2001." However, CSFB equity analysts were not the most prestigious analysts covering AOL during the class period, based on the Institutional Investor magazine rankings cited in the Complaint.

35. Throughout the class period, AOL was covered by a large number of different analyst firms. One source lists 48 equity analyst firms covering AOL in 2001 and 43 in 2002.[38] Thus CSFB was just one of many sources of analyst reports to the market. Moreover, as noted by the Court, existing academic research shows that the highest ranked analysts are more accurate and influence stock

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[36] T. Clifton Green, "The Value of Client Access to Analyst Recommendations," Working Paper, Emory University, 2004; Kent L. Womack, "Do Brokerage Analysts' Recommendations Have Investment Value?" *Journal of Finance* (52), 1996.
[37] Alon Brav and Reuven Lehavy, "An Empirical Analysis of Analysts' Target Prices: Short-term Informativeness and Long-term Dynamics," *Journal of Finance* (58), 2003.
[38] *Nelson Information's Directory of Investment Research*, Port Chester: Nelson Information, 2002; *Nelson Information's Directory of Investment Research*, New York: Nelson Information, 2003.

prices more.[39] A review of the Institutional Investor magazine rankings issued in years 2000-2002, listed in Exhibit 3A, shows that Laura Martin was a runner-up in the Cable sector in 2000 and lost that ranking in 2001. She was ranked third-team in the Entertainment sector in years 2000 and 2001. Jamie Kiggen was ranked third-team in the Technology sector in 2000 and dropped to runner-up status in 2001. The higher ranks of first and second team in the Cable and Technology sectors for those two years were received by analysts from Merrill Lynch, Morgan Stanley, Bear Stearns, Lehman Brothers and Goldman Sachs.

36. The articles to which the Court refers contrast the stock-price impact of All-American analysts to the stock-price impact of all other non-ranked analysts. However, not all All-American analysts are the same and work by Scott E. Stickel investigates separately the impact of first-team, second-team, third-team analysts and runners-up, which are the four different rankings assigned by the Institutional Investor magazine. Stickel finds that "Buy" recommendations from first-team and second-team All-American analysts have a bigger stock-price impact than those from non-All-Americans, and that "Buy" recommendations by third-team and runners-up do not have a bigger impact on stock prices than the same recommendations from non All-Americans, all else being equal.[40] Perhaps more importantly, the results of Stickel's model actually imply that the ranking of the CSFB analysts was not sufficiently high for their reports to have had any impact on the price of the stock of a large company like AOL.[41]

[39] Footnote 21 of the Memorandum and Order Re: Defendants Motions to Dismiss, December 7, 2006 in this litigation.
[40] Scott E. Stickel, "The Anatomy of the Performance of Buy and Sell Recommendations," *Financial Analysts Journal*, September-October 1995.
[41] I calculated the predicted stock-price impact of a report by an analyst with CSFB's ranking of third team or runner-up during the class period based on the results of Stickel's first regression model reported in Table 6 of his paper. Based on that regression, the point estimate of the impact of a buy recommendation (not accompanied by a change in earnings forecast or an earnings release, and not at the end of the month) of a third-team All-American or a runner-up All-American is slightly negative for a report by an analyst at a large analyst firm on a firm with market capitalization in the top quintile of all firms, such as AOL.

37. This result is consistent with the results of my event study and is not surprising given the large number of research analysts who covered AOL in 2001 and 2002 and the fact that other more prestigious analysts often issued reports at the same time as CSFB. As noted in the exhibits discussed below, Bear Stearns, Lehman Brothers, Merrill Lynch, and Morgan Stanley, whose analysts received higher rankings than Jamie Kiggen and Laura Martin, often exceeded CSFB's estimates for AOL during the class period.

38. As further support that CSFB analysts named in the Complaint were less influential than other analysts at the time, I find that Laura Martin and Jamie Kiggen were mentioned in the public press much less often than other analysts. For example, as shown in Exhibit 3B, Jamie Kiggen's name appeared three times and Laura Martin's name never appeared in my review of the public press about AOL.[42] In contrast, Bernstein Research's Thomas Wolzien had 31 mentions and Merrill Lynch's Jessica Reif Cohen was mentioned 27 times.

C. CSFB's Estimates For AOL Were Comparable To Those Of Other More Prestigious Analysts And Typically Lower Than Those Of Some Of These Analysts.

39. To perform the comparison of CSFB's estimates with those of other analysts, I identified investment banks for which at least one analyst received a ranking by the Institutional Investor magazine for coverage of industry sectors relevant to AOL in the magazine's October 2000, 2001, or 2002 rankings issues.[43] I then reviewed all analyst reports published by the investment banks with ranked analysts that were available to me. These included Bear Stearns, Bernstein Research, Deutsche Bank, Goldman Sachs, Lehman Brothers,

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[42] The number of mentions for a particular analyst was obtained by searching for the name of the analyst in public press articles about AOL published during the class period from January 12, 2001, to July 24, 2002.

[43] The other prominent ranking of analysts is *The Wall Street Journal*'s Best on the Street Analysts' Survey. Neither Jamie Kiggen nor Laura Martin is mentioned in that ranking for their coverage during the class period.

Merrill Lynch, Morgan Stanley, Salomon Smith Barney, and UBS Warburg.[44] Comparing CSFB's estimates to those of these banks is appropriate because the estimates from these banks are published by the most prestigious lead analysts in AOL's industry sectors. In fact, in every category for every year, the lead AOL analyst of at least one of these banks was ranked ahead of the lead AOL analysts of CSFB.

40. Exhibits 4A-4D graph CSFB's estimates of AOL's 12-month price target, and 2001 EBITDA, revenue, and cash EPS estimates as well as the estimates of the other banks with ranked analysts for which I was able to review analyst reports. Each exhibit shows clearly that CSFB did not have the highest estimate of the nine banks for any significant period of time during CSFB's coverage of AOL.

41. Exhibits 5A-5D show forecasts for year 2001 reported by CSFB and the nine other banks for four key metrics, and compute the fraction of trading days that CSFB's forecasts were lower than or equal to some other bank's forecast over the period of CSFB's coverage of AOL. The results are as follows:

   a) Price target. Exhibit 5A shows that over the entire 260 trading-day period from January 12, 2001 to January 30, 2002, at least one of the other nine banks had a price target that was higher than or equal to CSFB's price target for AOL, with Salomon Smith Barney estimating a price target as high as $115 through April 18, 2001, more than 50% higher than CSFB's $75 estimate.[45]

   b) 2001 EBITDA. Exhibit 5B shows that over the 246 trading days between February 1, 2001 and January 29, 2002, CSFB's forecast for

[44] Bernstein Research is not a bank in the sense of the other institutions publishing analyst reports that have all-star analysts. However, since the distinction is immaterial to the report, I ignore it.
[45] See footnote 32 regarding CSFB's price target for the period from January 12, 2001 to February 1, 2001. My comparison of CSFB's price target to that of the other banks ends on January 30, 2002, as that is the date of the last CSFB report on AOL during the class period.

2001 EBITDA was equal to or lower than at least one other forecast by a ranked analyst for all of the days.[46]

c) 2001 Revenue. Exhibit 5C shows that CSFB's forecast was lower than or equal to other forecasts 72% of the period from February 1, 2001 to January 29, 2002.[47] The highest forecast exceeded CSFB's forecast by more than $1 billion for significant periods for time, and by as much as $2.5 billion for some time.

d) 2001 Cash EPS. A company's Cash EPS is an important metric closely watched by market participants. Exhibit 5D shows that CSFB's Cash EPS estimate was lower than those of the nine other banks 100% of the period from February 1, 2001 to January 29, 2001.[48]

e) I also find that other analysts used language regarding AOL in their reports that was far more strongly supportive of the company than CSFB. For example, Goldman Sachs stated "Given its opportunity, scale, and attractive valuation, we believe AOL Time Warner is the Internet/media blue chip stock to own over the next 12-18 months," while Salomon Smith Barney and Morgan Stanley analysts referred to AOL as their "Top Pick" or their "best money-making idea," in their reports in January and April 2001, and Deutsche Bank referred to AOL

[46] My comparison of CSFB's EBITDA to that of the other banks starts on February 1, 2001, as it is not clear that CSFB's reports for AOL from January 12, 2001 to February 1, 2001, updated all financials to reflect the combined company's financials. For example, these reports show a fiscal year end of June, corresponding to America Online's fiscal year end, instead of the combined company's fiscal year end of December and EBITDA/share numbers that appear to be for America Online. The result that CSFB's forecast for 2001 EBITDA was equal to or lower than at least one other bank's forecast continues to hold if January 2001 is included in the comparison. My comparison ends on January 29, 2002, as that is the last date prior to the release of 2001 actual results by AOL.

[47] CSFB did not provide a revenue estimate for the combined company until its February 1, 2001 report, hence my comparison starts on February 1, 2001. See footnote 46 for an explanation of the end date of January 29, 2002 for the comparison.

[48] My comparison of CSFB's EPS to that of other banks starts on February 1, 2001, for the same reasons that EBITDA comparisons start on February 1, 2001 (see footnote 46.) The result that CSFB's forecast for 2001 EPS was lower than at least one other bank's forecast continues to hold if January 2001 is included in the comparison. See footnote 46 for an explanation of the end date of January 29, 2002 for the comparison.

as their "favorite large-cap stock." In its February 2, 2001 report, Merrill Lynch stated "AOL is now the only stock in our Internet universe that is NOT rated High Risk (D)." Even as late as September 25, 2001, Bear Stearns stated, "We are still believers in the AOL Time Warner story, and the company remains our top fundamental pick."[49]

42. To summarize, analysts who were more prestigious than CSFB typically had higher or equally optimistic forecasts on AOL than CSFB for significant periods of time during the class period. Therefore, it is not surprising that the CSFB reports had no effect on AOL's share price during the class period.

VI. There Is No Evidence That The Disclosure To The Market Of Information Allegedly Concealed By CSFB's AOL's Reports Had Any Effect On AOL's Stock Price.

43. The Complaint alleges that when certain "…material adverse information, which Defendants knew of, but did not disclose during the Class Period, materialized and became public, AOL's stock price declined materially, causing losses to the Lead Plaintiff and the Class…."[50] The material adverse information that the Complaint alleged was concealed by CSFB includes knowledge of a "substantial weakening in the advertising markets that would negatively affect AOL…," "…'inappropriate accounting activities' relating to 'some deals booked [which] inappropriately inflated revenue'…," and "…undisclosed layoffs at AOL, which would 'not be announced publicly.'"[51] In this section, I show that AOL's stock price did not react significantly to the allegedly concealed material information regarding "inappropriate accounting activities" and "undisclosed layoffs at AOL" when this information became public. In the next section, I show that the market received information about

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[49] Goldman Sachs report dated January 23, 2001, Salomon Smith Barney report dated January 18, 2001, Morgan Stanley reports dated January 19, 2001, and April 20, 2001, and Deutsche Bank reports through April 3, 2001.
[50] Complaint, paragraphs 3 and 4.
[51] Complaint, paragraph 4.

the risks to AOL posed by a weak advertising market in 2001 both from CSFB's reports on AOL and from other sources.

A. AOL's Stock Price Did Not React Significantly To The Washington Post Articles In July 2002 That Discussed Allegedly Inappropriate Accounting At AOL.

44. On July 18, 2002 and July 19, 2002, the *Washington Post* published two articles discussing allegedly inappropriate accounting for certain advertising contracts at AOL. My event study shows that AOL's stock-price movement was not significant on either day, indicating that the stock market did not view the information published in the *Washington Post* to be material. Moreover, even Dr. Hakala's purported event study does not find the stock-price reaction on these two days to be significant.

45. It is not surprising that AOL's stock price did not move significantly in response to the *Washington Post* articles when it is considered that the revenue of $270 million from the advertising deals discussed in the articles represented only 6% of America Online's advertising/commerce revenues, which was only 1.7% of America Online's total revenue and only 0.4% of AOL's total revenue.[52] Analyst reports by prestigious analysts published on July 18, 2002 discuss the small relative size of the amount of transactions under question and the confirmation of the validity of the transactions by Ernst & Young, AOL's auditors.[53] Analysts also told the market that their interpretation of the *Washington Post* articles was that the articles highlighted the fact that there was no illegal or fraudulent accounting, though there may have been aggressive business practices at AOL.[54]

46. Even assuming that the unspecified AOL accounting irregularities known to CSFB through the unspecified source were the same accounting irregularities

[52] "Accounting Practices vs. Business Practices – Not to be Confused," Bear Stearns, July 18, 2002.
[53] See, for example, "Accounting Practices vs. Business Practices - Not To Be Confused," Bear Stearns, July 18, 2002; "Accounting Allegations Arise; Volatility in Near-Term," Salomon Smith Barney, July 18, 2002.
[54] "Accounting Practices vs. Business Practices - Not To Be Confused," Bear Stearns, July 18, 2002.

revealed by the *Washington Post* article, there is no basis to conclude that AOL's stock price was materially impacted by the revelation of the allegedly omitted information about accounting irregularities at AOL on July 18 and 19, 2002.

B. AOL's Stock Price Did Not React To The Layoff Announcements In August 2001.

47. The Complaint asserts that an employee of CSFB was made aware on July 10, 2001 that AOL had some layoffs on that day and that CSFB did not reveal that information in its subsequent reports. No specifics are provided regarding this allegation.

48. It is important to note that, after the merger, there had been many layoffs at AOL. For instance, on January 25, 2001, AOL announced that it would lay off 2,400 workers across all its divisions.[55] On May 20, 2001, Warner Music announced it had recently cut 600 jobs,[56] and on July 9, 2001, the day before the alleged conversation of the CSFB employee, AOL announced that it would close retail stores and that, as a result, would lay off 3,800 employees.[57] AOL's stock price did not react significantly on the days these announcements were made, which raises the question of why an announcement of the layoffs CSFB is alleged to have known about would have had an impact on the stock price. None of these three days on which AOL announced layoffs was associated with significant abnormal returns in Dr. Hakala's purported event study.

49. On July 19, 2001, nine days after CSFB allegedly learned about the layoffs, *The Wall Street Journal* reported that:

> "It is increasingly clear that the company will rely heavily on cost cutting, rather than revenue growth alone, to meet its current targets. AOL Chief Executive Gerald Levin

[55] "Layoffs Boost AOL Stock," *Knight Ridder Tribune Business News*, January 25, 2001.
[56] "For Warner Music, Online Opportunities," *The New York Times*, May 20, 2001.
[57] "Warner Bros. Plans to Shut Down All of Its Retail Stores by October," *The Wall Street Journal*, July 9, 2001.

made that clear, saying he is 'making cost management a permanent way of life' at AOL and his plan for the next six months is to 'drive margin expansion.' In an interview, Mr. Levin didn't exclude the possibility of future layoffs, as part of the company's continued cost management."

"AOL's Revenue Trails Estimates as Loss Narrows," *The Wall Street Journal*, July 19, 2001

My event study does not find a significant abnormal return on this day.

50. The press reported layoff announcements at AOL on August 13, 2001. The Plaintiff appears to believe that these announcements are curative disclosures of the information CSFB is alleged to have had in its possession on July 10, 2001. I could find no allegation in the Complaint justifying the presumption that the layoffs announced on August 13 are the same ones of which CSFB was alleged to be aware in July. In fact, the information published on August 13, 2001 is about future layoffs, not the past layoffs of which CSFB was allegedly aware.

51. On August 13, 2001, *The Wall Street Journal* published an article titled "AOL Time Warner to Cut Work Force and Online Unit" which stated that AOL was expected to announce substantial layoffs soon. My event study finds that AOL's stock-price movement on this day, the first time that the market received this information, was not significant.

52. For the reasons enumerated above, there is no basis to conclude that CSFB concealed news about layoffs at AOL as alleged in the Complaint or that AOL's stock price reacted significantly to the revelation of the allegedly omitted news about layoffs at AOL.

C. AOL's Stock Price Did Not React To Allegations In October 2002 About An Alleged AOL-Specific Conflict In CSFB's Analyst Coverage.

53. On October 21, 2002, allegations of an AOL-specific analyst conflict relating to CSFB were first published in an Associated Press article – in other words, the allegations of dishonesty of CSFB's analysts became known to the

market.[58] AOL's stock price closed at $13.05 on this day, having closed at $12.57 on the previous trading day of October 18, 2002. My event study shows that the abnormal movement in AOL's stock price on October 21, 2002 was 0.47%. This positive insignificant stock-price movement is inconsistent with the Plaintiff's arguments that CSFB's alleged misconduct had an inflationary impact on the stock price. The fact that AOL's stock price did not decline when the market first learned of allegations that CSFB's analyst reports on AOL were tainted is another indicator that the market did not regard CSFB's reports as material.

VII. The Purportedly Omitted Information About The Advertising Market Downturn In Year 2001 Was Widely Discussed In The Public Press And Analyst Reports Before And During The Class Period.

A. Advertising And AOL.

54. When the America Online – Time Warner merger was finalized, AOL had in place a highly publicized target for 2001 EBITDA of $11 billion. According to their reports, some analysts considered this target to be extremely ambitious at a time when economic activity was weakening and the U.S. was effectively entering a period of recession.[59]

55. Advertising revenue was an important source of revenue for AOL, though less than one quarter of its total revenue. Consequently, for AOL to achieve its revenue and EBITDA targets, it was necessary for advertising to hold up and grow as the economy weakened. AOL's advertising revenue had two components. One component was traditional media advertising including print and networks, and the other component was online advertising. AOL's 2001 revenues from advertising online, networks, and publishing were each

[58] "Filing expected by Mass. regulators against CSFB," *The Associated Press State & Local Wire*, October 21, 2002.
[59] For example, see analyst reports by Deutsche Bank and UBS Warburg published on February 1, 2001.

under 9% of total revenue, and total advertising revenue was under 25% of total revenue.[60]

56. During the class period, AOL, through its internet provider and portal America Online, had a dominant share of online advertising.[61] However, because of the collapse of the dot-com boom, the advertising market was in flux and hard to forecast.[62]

57. As I will show in the following sub-sections, there was much discussion in the press, by companies, and by analysts, of the advertising recession in traditional media during the class period. There was also much discussion of how some online providers were adversely affected by the collapse of the dot-com boom. AOL management made clear statements that the recession in traditional media advertising affected the company's revenues adversely and offered reasons why online advertising at its America Online division was going to keep growing at a fast pace. Many analysts reiterated these views of AOL's management.[63] However, throughout the purported class period, some very prestigious analysts also expressed caution to the market about the potential impact on AOL of the advertising slump, so that the market was well aware of the existence of concerns about how AOL's business would be affected by the weak online advertising market.

58. In the next sub-section, I also show that CSFB did, in fact, make statements about the advertising downturn and its impact on AOL's business that are ignored by the Complaint.

B. CSFB Made Statements In Its Reports On AOL About The Advertising Downturn.

59. CSFB's report on AOL published on February 1, 2001 was clear that there was substantial uncertainty concerning the key drivers of the firm's growth.

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[60] AOL's 10-K filed on March 28, 2003.
[61] Based on data provided in AOL's 2001 10-K filing, and Universal McCann's U.S. advertising reports, America Online's advertising revenue was almost 40% of total U.S. internet revenue in year 2001.
[62] See, for example, "Top forecaster sees lower ad growth," *Advertising Age*, June 11, 2001.
[63] Refer to the following Section D.

Given the recognized importance of advertising for AOL, it should have been clear to all readers that this uncertainty extended to advertising growth. Specifically, CSFB stated:

> "The company begins 2001with real momentum on a number of important metrics, though visibility on key growth drivers in 2H is not as high as we'd like, given the projected growth ramp as year unfolds."
>
> "AOL Time Warner Analyst Day, and Q4 Results," CSFB, February 1, 2001

60. The same report discussed various risks and stated that:

> "We are monitoring several risks/issues going forward: revenue and earnings visibility, earnings quality, free cash flow generation, structure of a potential cable deal, and a variety of integration challenges."
>
> "AOL Time Warner Analyst Day, and Q4 Results," CSFB, February 1, 2001

Though this statement does not mention advertising specifically, it states that "revenue visibility" is a risk. This is a term of art for analysts indicating the presence of uncertainty about how a financial variable will evolve. In this case, I believe the market would have interpreted this report to mean that there is uncertainty or difficulty in forecasting AOL's aggregate revenue, of which advertising is an important component.

61. The Complaint ignores the fact that CSFB's reports on AOL during the class period also contained statements about the slowdown in the advertising market. For example, in its February 13, 2001 report on Internet (not cited in the Complaint), CSFB states "Hampered by a difficult economic backdrop, tangibly manifested in slowed retail sales and slowed demand for online advertising, even the strongest names in our universe faced challenges in monetizing traffic during Q4'00. Looking forward, this environment appears likely to continue through at least the first half of 2001…."

62. In its April 3, 2001 report, CSFB stated "[O]ur estimate of $10.9B does not factor in a price increase, but it does assume some stabilization in the decline in advertiser and consumer spending in H2 01," which opinion it reiterated in its April 16, 2001 report.

63. The Complaint incorrectly attributes to CSFB several comments that AOL made about "a firming ad market" as a key driver of growth in the second half of 2001. Not only did CSFB state in its April 16, 2001 report that it was citing AOL, it also raised concerns about the uncertainty of the factors highlighted by the company. In its April 18, 2001 report (cited in paragraph 42 of the Complaint), CSFB states "Although a firming ad market, seasonality, revenue synergies, new services and a strong content pipeline were all offered [by AOL] as key growth drivers in the second half, the uncertain economic environment and the unpredictability of some of these variables keep visibility low."

64. Again, in its July 19, 2001 report (cited in paragraph 74 of the Complaint), CSFB cited the company's reference to a "firming ad market" but reiterated its prior concern: "…uncertain economic environment and the unpredictability of some of these variables keep visibility low." Commenting on the ad market specifically, CSFB reported that the "advertising revenue results reflected the overall weak ad market." CSFB also noted that cost cutting efforts by the company were allowing for EBITDA to meet estimates, not revenue.[64]

C. The Public Press And Analysts Extensively Discussed The Reduction In Advertising Growth And, Eventually, The Advertising Recession.

65. At least as early as October 2000, prior to the beginning of the class period, analysts following the advertising industry began to discuss the potential slowing growth in advertising expenditures in 2001. Many revised their advertising expenditure growth forecasts downward. For example, in its Media industry report published on October 17, 2000, Bernstein Research stated:

> "Undercurrent of cracks in ad market were quietly acknowledged by broadcast, cable network, syndicators, and industry trade brass attending annual ANA

[64] Apart from CSFB's comments on the advertising downturn made in its six AOL reports that I discuss in this section, CSFB also commented on the declining advertising market in its reports on AOL issued on June 25, 2001, October 18, 2001, January 8, 2002, and January 30, 2002.

meeting in California yesterday, but not to extent that would cause us to revise our estimates, which already include a downturn, farther downward at this time.

…

Viacom, Disney and AOL/Time Warner have taken hits recently due to advertising uncertainty, which appears to be manifesting itself in slower *growth* rather than declines. Short of a recessionary slowdown (and there is no indication of that level of problem) that would result in actual ad declines, the market appears to have more than taken the potential of slower ad growth into account…. AOL/Time Warner has only 10% exposure of revenues to advertising….

…Next year our overall ad estimate grows at about a half point ahead of nominal GDP, or at about 6.4%, well I [*sic*] below this year's estimated 9% ad growth…."

"Advertising Uncertainty Begins to Suggest Declines In Line With Our Current Estimates," Bernstein Research, October 17, 2000

66. The *National Post* reported on December 26, 2000 that, in a pair of conferences held in New York to discuss the next 12 months in media:

"Virtually every expert predicted that ad spending would slide in 2001, following a record year in which media companies feasted on the largesse of Internet startups, a federal election, the Olympics and the residual effects of millennial madness."

"Requiem for the halcyon ad days: Next 12 months in media expected to be subdued," *National Post*, December 26, 2000

67. In July 2001, *Business Week* wrote that "Advertising isn't just down. It's out. (…) Among the hardest hit sectors, of course, is internet advertising." The article went on to discuss the fact that AOL Time Warner was "rising above the wreckage" and to describe why AOL was more successful than its peers in obtaining advertising business.[65]

68. By mid-2001, most forecasters had reduced their 2001 advertising expenditure growth estimates further downward.

69. For example, in December 2000, Myers Reports Inc., Salomon Smith Barney, Universal McCann, and Zenith Media, projected year 2001 U.S. advertising expenditure growth of 4.9%, 6.0%, 5.8%, and 4.6%, respectively, versus

[65] Jane Black, "AOL Asks: What Ad Bust?" *Business Week Online*, July 12, 2001.

growth in year 2000 of 9.8%.[66] Between January 2001 and June 2001, all four reduced their 2001 growth estimate to 2.5% or lower. An article published on March 19, 2001 in *TheWall Street Journal* quoting Merrill Lynch's analyst Lauren Rich Fine indicated that advertising expenditures were expected to grow at 2.5% in 2001, about a quarter of the ad spending growth rate in 2000. Through the year, forecasters continued to decrease expectations for advertising expenditure in 2001 as the downturn became evident. In September 2001, ABN Amro, Lehman Brothers, Myers Reports, UBS Warburg, and Zenith Media all forecasted declines in advertising expenditures in 2001 compared to 2000.

70. I also reviewed the publicly available information on year 2001 advertising growth estimates for the online, television (of which networks was a part), and publishing advertising mediums. Similar to total advertising growth, analysts and public press forecasted lower or negative growth rates in these three mediums as well. I provide several examples below:

- The November 7, 2000 Bernstein report referenced above projected 5% growth in television, 0% in magazines, and 34% in online advertising. Bernstein subsequently decreased all of these projections to 0.4%, -2.2%, and -4.4% in its April 6, 2001 report.

- On March 7, 2001, Yahoo! announced that it was "committed" to achieving break-even results for full-year 2001, far short of the previous forecast of earnings between 33 and 43 cents per share. The company cited the slowing U.S. economy and a weak online advertising market. A few days later, the *Financial Times* summarized bluntly the problem posed by the slow-down in advertising expenditures for AOL:

> "The most ambitious merger attempted in the media and entertainment business has collided with the harshest US advertising market in a decade." (emphasis added)

[66] Myers Reports, Inc., Universal McCann, and Zenith Media are prominent forecasters for advertising market revenues.

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"Pittman's progress," *Financial Times*, March 19, 2001

- On August 27, 2001, *NewsInc* published an article that stated "…Coen said in his report in June that spending by Internet-based firms on TV and in magazines went down 40 percent in the first quarter of the year. 'There is little doubt the boom and bust in dot-com spending is the main source of disruption in U.S. advertising trends,' Coen said in the report."[67]

71. The public press and analyst reports excerpted above are only a few of the large number of articles and reports that discuss the slowing growth and subsequent downturn in the national advertising market and specifically the online advertising market in year 2001. Potential investors in AOL therefore had access to multiple sources of information regarding this widely discussed fact of a downturn in the advertising market. There is no basis to conclude that the market was not fully aware of the slowdown and eventual decline in 2001 of the markets for media and online advertising.

D. *There Was A Range Of Opinions In The Market Regarding The Effect That The Advertising Decline Would Have On AOL's Business.*

i. *AOL Represented To The Market That It Could Achieve Its Financial Objectives Despite The Slow-Down In Advertising And Many Analysts Reiterated This Observation.*

72. The pre-merger Time Warner entity made clear in late 2000, after the merger was approved by the FTC, that its earnings for the last quarter of 2000 would be lower than expected because of softness in the advertising market. An article in the *Financial Times* on December 18, 2000 reported:

> "…Time Warner also said advertising on its cable television stations has been 'soft' recently.

[67] "Death of industry standard highlights pain of ad sales dip: Trade magazines suffer declines far worse than do newspapers," *NewsInc*, August 27, 2001.

Time Warner's statement was its first acknowledgment that there could be a slowdown in the advertising market…."

"Time Warner warns on earnings ahead of merger," *Financial Times*, December 18, 2000

73. AOL represented to investors that its revenue was less sensitive to advertising than the revenue of its competitors.[68] Reports by analysts at Bernstein Research, a firm without investment banking ties, suggest that the firm's analysts viewed these representations as credible as they wrote in January 2001 that:

"…With about 20% of revenues from advertising, 43% from subscriptions and the rest from content like music, movies, [*sic*] and books, this company [AOL] is not as exposed to advertising as a Viacom (40%) or a Disney (30%). At AOL Time Warner, dual – or more – revenue streams abound in online, cable systems, cable networks, and publishing, providing some protection in the current economic slowdown. Money flowing to online advertising at AOL appears to come, primarily, from marketing budgets, which, unlike traditional advertising monies, fare well in a correction."

"AOL Time Warner: Opportunity Everywhere," Bernstein Research, January 26, 2001

74. AOL management reiterated these representations strongly in the wake of Yahoo's announcement of sharply lower earnings leading to a drop in the stock price of 15.52%. An article in *The New York Times* dated March 9, 2001, stated that:

"AOL Time Warner's co-chief operating officer, Robert W. Pittman, said yesterday that the company stood by its 2001 financial goals. 'Nothing's changed, and we're excited about our business,' Mr. Pittman said. 'The company is in good position no matter what happens in the business cycle.' AOL has been under scrutiny since Wednesday when Yahoo, a competitor and Internet bellwether, said it would fall short of revenue expectations. Noting that there are 28 million AOL members worldwide, Mr. Pittman said the company was better insulated from a slowdown in advertising than other companies."

"AOL Stands by Forecasts," *The New York Times*, March 9, 2001

[68] "AOL Time Warner Sticks to Its Aggressive Goals," *The New York Times*, January 13, 2001.

ii. Many Analysts Expressed Caution To The Market About The Effect Of The Advertising Slump On AOL, But Many Analysts Also Believed AOL's Assessment That It Was Better Positioned Than Other Companies.

75. The content of analysts' reports suggests that analysts were concerned about the effect of the advertising market downturn on AOL but also viewed this assessment of AOL management as credible. For instance, in April 2001, Morgan Stanley, whose AOL analysts Meeker and Bilotti ranked ahead of the CSFB analysts in the Institutional Investor magazine rankings, wrote:

> "The company cannot get around advertising exposure – Across all media, advertising revenue growth rates have been increasingly weak as C2001 has progressed. In C2000, approximately 24% of AOL Time Warner's total revenue was derived from advertising, in the publishing, networks, cable systems, and online segments. Note that the company's exposure to high-risk dot-com revenue is less than 2% of its total revenue. The bad news is the company has exposure to a very weak market, and the good news is it has far less exposure than most of its peers."

"AOL Time Warner, Inc. Company Update," Morgan Stanley, April 3, 2001

76. AOL management emphasized that much of its online advertising income was from marketing budgets rather than traditional advertising budgets and believed that marketing budgets were less sensitive to the business cycle. Reports indicate that many analysts agreed with this assessment.[69] The view of AOL's management received added credibility when it reported unexpectedly high year-on-year growth in advertising for the first quarter of 2001 and was considered to be on track to achieve its EBITDA and revenue targets.[70]

77. For instance, Bernstein Research concluded that:

> "Online advertising was up 37%, above expectations, providing support for theory that online ad money is flowing from marketing sales, and promotional budgets despite downturn. Other conventional ads weak."

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[69] "AOL Time Warner, Inc.: The Tiffany OSP," Bear Stearns, April 9, 2001; "AOL Time Warner Beats Q1 Cash Earnings Estimates; 37% Online Ad Increase Supports 'Marketing' Concept," Bernstein Research, April 19, 2001.

[70] "COMPANIES & FINANCE THE AMERICAS - AOL weathers US media slowdown," *Financial Times*, April 19, 2001.

"AOL Time Warner Beats Q1 Cash Earnings Estimates; 37% Online Ad Increase Supports 'Marketing' Concept," Bernstein Research, April 19, 2001

78. Importantly, analysts stated that AOL could increase its advertising revenue in the face of a declining advertising market by increasing its market share. As Morgan Stanley put it:

> "…We believe that AOL's 1Q01 results provide credibility to our 2001 forecasts of $41 billion of revenue and $11 billion of EBITDA. Our forecast does not assume a general recovery of the advertising markets and instead assumes that AOL uses its size/scale to gain market share, a trend that we believe drove 1Q01 results…."
>
> "One in a Row, with We Thinks, More to Come…," Morgan Stanley, April 19, 2001

79. Some analysts were less optimistic. For example, an article in *The Wall Street Journal* published on January 12, 2001 stated, "With mounting signs of an economic slowdown that could dramatically hurt advertising revenue, it may be tougher than expected for the new AOL Time Warner to boost earnings as much as its executives have been promising. And while analysts are still generally bullish about the long-term prospects for the media giant, some are now predicting that the company will have to cut costs more than expected…. Analysts differ about the impact of the advertising slowdown on the company. 'We are continuing to see challenges in both online and off-line advertising,' said John Corcoran, an analyst with CIBC World Markets. He believes that AOL Time Warner will face challenges in its effort to sell advertising across different media, such as cable networks, print and the Internet. Mr. Corcoran predicts the company will revise downward its growth targets early this year…."[71]

80. In a January 23, 2001 report, Goldman Sachs noted that "A slowing economy could significantly affect AOL Time Warner's advertising and commerce revenues."[72] In a February 26, 2001 report, Lehman Brothers' top-rated analyst Holly Becker expressed doubt that AOL could continue to evade the consequences of the slump in online advertising. "So far, AOL has proven it

[71] "New AOL Time Warner May Have Trouble Hitting Growth Targets," *The Wall Street Journal*, January 12, 2001.
[72] "AOL Time Warner, Inc.: Investor Day Handbook," Goldman Sachs, January 23, 2001.

is more immune from online advertising turmoil. Can this last?"[73] She goes on to elaborate "[w]e do not believe AOL will remain completely unscathed by the current environment, especially given the softness in the overall ad market...." Holly Becker's comments in this report are quoted in an article in the *Financial Times* dated March 19, 2001, which also quotes her as saying: "'…In fact, without Time Warner's business, 2001 may have been a difficult year for AOL.'"[74]

81. On March 14, 2001, Merrill Lynch lowered its estimate of advertising and commerce revenue for the AOL division stating that, "For the full year, we lowered adcom revenue to $3.1 billion (+32% growth) from $3.3 billion (+41% growth) due to growing concerns about second half visibility."[75] (emphasis added).

82. In their report dated March 30, 2001, Goldman Sachs' analysts stated "Given the weakening of the US economy over the past twelve months, we believe investors are increasingly focused on the quality of earnings and are questioning the organic revenue growth that AOL Time Warner (as well as its entertainment competitors) could achieve given the current economic/advertising environment…."[76]

83. Other examples of pessimistic remarks by analysts are found in Merrill Lynch and Deutsche Bank reports. In her report dated May 16, 2001, Merrill Lynch's top-rated analyst Jessica Reif Cohen stated "In a tough year for advertising, both online and offline, a primary investor concern remains AOL Time Warner's exposure to the advertising markets. With a diversified subscription, content and advertising revenue mix, the company is still less

[73] "AOL Time Warner: At the Crossroad of Media and Communications," Lehman Brothers, February 26, 2001.
[74] "Pittman's Progress," *Financial Times*, March 19, 2001.
[75] "AOL Time Warner: Outlook: Remain comfortable with Q1 and $11B FY EBITDA, Trimming FY revenue," Merrill Lynch, March 14, 2001.
[76] "AOL Time Warner Inc. Quantifying the Merger Benefits," Goldman Sachs, March 30, 2001.

exposed than other leading media and internet companies, although it is clearly not immune to the slowdown...."[77]

84. In their report dated February 1, 2001, Deutsche Bank analysts stated:

> "Despite the slower economy, regulatory concessions, and weakness in the film and music businesses, management remains convinced that it will still meet financial targets for the combined company, originally presented one year ago.
>
> …
>
> While management may be comfortable with the original estimates, many investors we spoke to remain cautious that a company the size of AOL Time Warner will be able to produce EBITDA growth north of 25% and free cash flow growth of 50%. We believe, however, that management will do everything possible to meet estimates…."
>
> "AOL Time Warner, Inc.: Recap of Analyst Day – Estimates Raised Slightly," Deutsche Bank, February 1, 2001

iii. AOL's Stock Price Fully Reflected the Market's Changing Expectations Regarding Future Advertising Expenditures

85. For the first half of 2001, the market had the information that (1) there was a downturn in advertising, (2) online advertising was falling sharply, and (3) AOL management believed that it could escape the brunt of the decline in online advertising. The market knew about the downturn in advertising, and investors knew that there were concerns among analysts as to whether AOL management's assessment would turn out to be right or overly optimistic. AOL's stock price reflected the uncertainty regarding its future advertising revenue.

86. My event study shows that the market incorporated in the stock price a sufficiently pessimistic assessment of AOL's ability to escape the downturn in internet advertising in 2001. This is evidenced by the fact that when AOL reduced its guidance after September 11, 2001, its stock price did not experience significant abnormal returns. On September 24, 2001, AOL said clearly that the state of the advertising market was affecting AOL:

[77] "Analyzing AOL Time Warner The Major Issues and More," Merrill Lynch, May 16, 2001.

> "The Company stated that 2001 results will be affected primarily by the continuing decline in the advertising market and the additional expenses incurred by its news-gathering operations, as well as costs in its various businesses associated with the aftermath of the terrorist attacks. Prior to September 11, the Company had not yet seen an improvement in the overall advertising environment, and, due to the events of September 11, it has further deteriorated. The state of the advertising market is impacting the Company's Networks, America Online, Publishing and Cable operations…."[78]

87. The views expressed by Bear Stearns' analysts from earlier that year support the conclusion that the market's assessment of AOL's stock price likely already reflected information about the risk of the declining advertising market. For example, in a report dated February 1, 2001, Bear Stearns published an EBITDA estimate of $11 billion for AOL where it stated, "With 2001 growth total company back-ended (second half of 2001) in a slower advertising environment, we believe there is still some caution surrounding cable network and publishing performance. In addition, the music company remains problematic. However, we are comfortable with our forecasts for AOL Advertising and Commerce revenues, which we believe will fuel growth at the online division, and with our $11 billion full year EBITDA estimate."[79]

88. Then, with further deterioration in the advertising market, Bear Stearns indicated on April 6, 2001, "<u>We believe the market is already discounting lower expectations than the company's guidance</u> to better reflect the current economic environment, and we are therefore following suit. We now expect EBITDA of $10.7 billion in 2001 (a 3% reduction) on revenues of $41.0 billion (a 2% adjustment)…."[80] (emphasis added)

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[78] AOL press release of September 24, 2001, available on the web at http://www.timewarner.com/corp/newsroom/pr/0,20812,668971,00.html.
[79] "AOL Time Warner – Attractive: You've Got Guidance," Bear Stearns, February 1, 2001.
[80] "AOL Time Warner: Upgrade To A Buy," Bear Stearns, April 6, 2001.

89. The Complaint alleges that CSFB's reports on AOL concealed the CSFB analysts' true opinion as to the effect of the well-known advertising market decline on AOL's business. As a result, according to the Complaint, the market was left with the impression that the CSFB analysts believed that AOL was less sensitive to the advertising market decline than the CSFB analysts actually believed. Even assuming all of that were true, the alleged non-disclosures would not be expected to have had an inflationary impact on AOL's stock price (consistent with the findings of my event study) because (1) the risk associated with AOL's advertising revenue was already present in the market (2) that risk was expressed by other more prestigious analysts covering AOL, and (3) CSFB was only one of approximately 48 analyst firms covering AOL during the class period (and did not have the most prestigious analysts.)

90. Taken together with my conclusions in Section VI of this Declaration, there is no evidence that the disclosure to the market of information allegedly omitted from CSFB's AOL reports (i.e., the advertising market downturn, alleged inappropriate accounting activities, and layoffs at AOL) had any effect on AOL's stock price.

I declare under the penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on April 26, 2007 at Columbus, Ohio.

René M. Stulz

CERTIFICATE OF SERVICE

I hereby certify that this document filed through the ECF System will be sent electronically to the registered participants as identified on the Notice of Electronic Filing and, except to the extent registered participants at the same firm(s) received copies electronically as identified on the Notice of Electronic Filing, paper copies will be sent to those indicated as non-registered participants by U.S. Mail on April 27, 2007.

/ s/ Siobhan E. Mee_
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UNDERGRADUATE STUDIES

University of Neuchâtel, Switzerland, Licence es Sciences Économiques, 1975.

GRADUATE STUDIES

London School of Economics, 1975-1976, Visiting Graduate Student.

Massachusetts Institute of Technology (MIT), 1976-1980, Ph.D. in Economics.

ACADEMIC APPOINTMENTS

Ohio State University; Everett D. Reese Chair of Banking and Monetary Economics, 1996 to present.

University of Southern California, Visiting Professor, 2007.

University of Chicago, Visiting Professor, Stigler Center, 2003-2004.

Northwestern University, Visiting Scholar, Kellogg School of Management, 2003-2004.

Harvard University; Business School, August 1996 to July1997, Bower Fellow.

Ohio State University; Director of the Dice Center for Research in Financial Economics, 1995 to present.

Ohio State University; Ralph Kurtz Chair in Finance, 1993-1996.

Ohio State University; Riklis Chair in Business and its Environments, 1988-1993.

Ohio State University; Professor of Finance, 1985 to present.

University of Chicago; Visiting Professor of Finance, 1986-1987.

Massachusetts Institute of Technology; Visiting Associate Professor of Finance, Fall 1985.

Ohio State University; Associate Professor of Finance, 1983-1985.

University of Rochester; Assistant Professor of Finance and Economics, 1980-1983.

OTHER RELEVANT POSITIONS HELD

Research Associate, National Bureau of Economic Research (Asset Pricing Group and Corporate Finance Group).

Director, NBER Project on the Risks of Financial Institutions.

President, Scientific Council, Swiss Finance Institute, 2006 to present.

Board of Directors, American Finance Association, 1988 to 2000, 2002 to present.

Consultant to the World Bank, the IMF, the NYSE, Federal Reserve Bank of New York, corporations, and law firms.

Taught executives in Europe, Asia and North America (open enrollment as well as for firms; courses on risk management, banking, derivatives, corporate valuation, investments).

Advisory Committee, Morningstar, 2000-2002.

Director, Banque Bonhôte, 2002 to present.

Director, Weggelin Fund Management, 1999 to present.

President, Gamma Foundation, 2002 to present.

Director, Community First Financial Group, Inc., 2001 to present.

Director, Peninsula Banking Group, Inc., 2001 to present.

Trustee, Global Association of Risk Professionals, 2002 to present; Executive Committee, 2004 to present.

Chairman, Financial Risk Management Examination Certification Committee, Global Association of Risk Professionals, 2002 to present.

International Advisory Committee, NCCR, 2002 to present.

Advisory Committee, Gutmann Center, Vienna, 2003 to present.

External Reviewer, London Business School Finance Department, 2005.

Financial Advisory Roundtable (FAR), Federal Reserve Bank of New York.

HONORS, SCHOLARSHIPS, AND FELLOWSHIPS

Advanced Researcher Fellowship, Swiss National Science Foundation, 1978-1980.

Dean's Research Professorship, Ohio State University, Spring 1984.

Pacesetter Research Award, Ohio State University, April 1986.

President-Elect (1993) and President (1994), International Economics and Finance Society.

Docteur Honoris Causa, University of Neuchâtel, Switzerland, 1998.

Eastern Finance Association Scholar Award, 1998.

Keynote speaker, Asia-Pacific Finance Association, Eastern Finance Association, European Corporate Finance Institute, European Finance Association, European Financial Management Association, FDIC Annual Conference, Financial Management Association, French Finance Association, German Finance Association, Northern Finance Association.

Assurant Lecture, Georgia Tech University, 2004.

Fellow, Financial Management Association, 2000.

Fellow, American Finance Association, 2005.

Fellow, European Corporate Governance Institute, 2005.

Vice-President (2002), Program Chair, (2003), President (2004), Western Finance Association.

Vice-President (2002), President-elect (2003), President (2004), American Finance Association.

Who's Who in Banking and Finance; Who’s Who in Economics.

Jensen Prize for best article in Corporate Finance in the Journal of Financial Economics, 2000.

William F. Sharpe Award for the best paper published in the Journal of Financial and Quantitative Analysis during the year 2003.

Selected by the magazine Treasury and Risk Management as one of the 100 most influential people in finance (June 2004).

René M. Stulz Scholar Development Fund, created in 2005 by former Ph.D. students.

Fama/DFA Prize for best article in Capital Markets and Asset Pricing in the Journal of Financial Economics, 2005.

Nominated for a Brattle Prize for best paper in Corporate Finance in the Journal of Finance in 2005.

Risk Who's Who, Charter Member, 2006.

Best paper, First Asian-Pacific Capital Markets Conference, Seoul, 2006.

BOOKS

Risk Management and Derivatives, Southwestern College Publishing, 2003.

Handbook of the Economics of Finance, 2 volumes, edited with George Constantinides and Milton Harris, North-Holland, 2003.

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Advisory Editor, The Review of Finance, 2003 to present.

Advisory Editor, Journal of Financial Economics, 2000 to present.

Advisory Editor, Journal of Financial Services, 1999 to present.

Advisory Editor, Journal of Economic Perspectives, 2006 to present.

Editor, Journal of Finance, 1988 to 2000.

Editor, Corporate Finance Abstracts, Social Science Research Network, 1998 to present.

Co-Editor, Banking and Financial Institutions Abstracts, Social Science Research Network, 1998 to present.

Editor, Journal of Financial Economics, 1982 to 1987.

Co-Editor, Financial Markets and Portfolio Management, 1999 to present.

Associate Editor, Journal of Risk, 2006 to present.

Board of Editors, Japan and the World Economy, 2006 to present.

Associate Editor, Journal of Economic Perspectives, 2003 to 2005.

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Associate Editor, Journal of Financial Abstracts, 1994 to 1998.

Associate Editor, Journal of Financial Economics, 1988 to 1999.

Associate Editor, Journal of International Finance and Accounting, 1988 to present.

Associate Editor, Global Finance Journal, 1988 to present.

Associate Editor, Journal of International Financial Markets, Institutions and Money, 1989 to present.

Associate Editor, Journal of Fixed Income, 1991 to present.

Associate Editor, Journal of International Trade and Finance, 1992 to present.

Associate Editor, Journal of Financial and Quantitative Analysis, 1983_1985.

Acted as an ad hoc referee for AER, JIE, JAE, JFE, JME, JMCB, JFQA, QJE, JF, JB, JPE, Canadian Journal of Economics, Management Science, Marketing Science, Journal of International Money and Finance, Journal of International Business Studies, the Canadian NSF and the NSF.

Appendix B

Prior Testimony of René M. Stulz

Case Name:	Charter Federal Savings Bank v. United States of America
Case No.:	U.S. Court of Federal Claims
Date of Testimony:	September, 2001 (Deposition) February, 2006 (Written direct trial testimony)

Case Name:	Marriott International Resorts, L.P. and Marriott International JBS Corporation v. The United States
Case No.:	United States Court of Federal Claims, Nos. 01-256T and 01-257T
Date of Testimony:	January 2004 (Deposition)

Case Name:	Bancorp Services, L.L.C. v. Zurich Insurance Company and others
Case No.:	American Arbitration Association, No. 50T 180 002 04
Date of Testimony:	March 2005 (Arbitration)

Case Name:	PSEG Global Inc. et al. v. Republic of Turkey
Case No.:	ICSID CASE NO. ARB/02/5
Date of Testimony:	April 2006 (Testimony)

Case Name:	In re Enron corporation securities, derivative, and “ERISA” litigation
Case No.:	United States District Court, Southern District, Texas, MDL 1446
Date of Testimony:	October 2006 (Deposition)

Case Name:	West Basin Municipal Water District v. Rice Financial et al.
Case No.:	Superior Court of the State of California, BC 325420
Date of Testimony:	September 2006 (Deposition)

Documents Relied Upon

Legal Filings

Second Consolidated Amended Class Action Complaint (12/16/05)

Memorandum and Order Re: Defendants Motion to Dismiss (12/7/06)

Declaration of Scott D. Hakala In re: Credit Suisse-AOL Securities Litigation (3/2/07)

DeMarco v. Lehman Brothers Inc. (7/7/04)

Analyst Reports and Public Press

CSFB Analysts on AOL Time Warner from 1/12/01 to 1/30/02

America Online and AOL Time Warner Analyst Reports from 1/12/01 to 8/8/02 by Bear Stearns, Bernstein Research, CSFB, Deutsche Bank, Goldman Sachs, Lehman Brothers, Merrill Lynch, Morgan Stanley, Salomon Smith Barney, and UBS Warburg.

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AOL Time Warner 10-K for the fiscal year ending 12/31/01

AOL Time Warner 10-K for the fiscal year ending 12/31/02

Time Warner 10-K for the fiscal year ending 12/31/99

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EXHIBIT 1

AOL Time Warner, Inc.
Analysis of Stock-Price Reactions to CSFB Reports [1]

Source: CSFB Analyst Reports; Second Consolidated Amended Complaint; CRSP; SEC Filings; CS–AOL_0004243 – 0004274

Report Date	Effective Date [2]	CSFB Report Title	AOL Time Warner Closing Price on Effective Date	Returns on Effective Date: AOL Time Warner	Returns on Effective Date: NYSE / Nasdaq Composite	Returns on Effective Date: 10-K Media Index [3]	Returns on Effective Date: 10-K Internet Index [4]	AOL Time Warner Abnormal Return on Effective Date [5]	t-statistic [6]
1/12/01	1/12/01	AOL Time Warner Merger Complete After FCC Conditional Approval	$46.47	-1.61%	-0.35%	4.00%	6.13%	-3.86%	-1.54
1/16/01	1/16/01	AOL Time Warner Surpasses 27 Million AOL-Branded Online Subscribers	$46.70	0.49%	0.62%	1.86%	8.04%	-1.46%	-0.58
2/1/01	2/1/01	AOL Time Warner Analyst Day, and Q4 Results	$49.83	-5.19%	0.38%	1.79%	-6.74%	-5.82%	-2.31 *
3/5/01	3/5/01	Federal Appeals Court Overturns FCC's Cable Ownership Caps	$43.80	4.14%	0.54%	-1.37%	0.34%	4.62%	1.84
3/7/01	3/7/01	AOL To Create New TV Networks Group	$45.30	-2.66%	0.61%	0.58%	-2.27%	-3.12%	-1.24
3/8/01	3/8/01	AOL Surpasses 28 Million Subscribers, and Signs Several Large Cross-Platform Advertising Deals	$44.50	-1.77%	-0.13%	0.59%	-5.98%	-1.39%	-0.55
3/21/01	3/21/01	AOL and Ticketmaster Announce Strategic Alliance	$37.84	-2.45%	-1.87%	-2.22%	0.18%	0.36%	0.14
3/23/01	3/23/01	Bressler is Expected To Leave AOL Time Warner	$39.52	7.48%	2.05%	4.03%	0.85%	3.76%	1.50
4/2/01	4/2/01	AOL, RealNetworks, EMI, and Bertelsmann Launch Online Music Subscription Service	$37.17	-7.42%	-1.55%	-4.02%	-7.01%	-3.31%	-1.31
4/3/01	4/3/01	AOL Update	$33.90	-8.80%	-3.59%	-3.22%	-11.03%	-3.27%	-1.30
4/10/01	4/11/01	The TWX Assets Increased Their Returns Despite Significantly Higher Capital Spending in 2000	$41.20	2.97%	-0.08%	-0.56%	-4.89%	3.88%	1.54
4/12/01	4/12/01	The TWX Assets Increased Their Returns Despite Significantly Higher Capital Spending in 2000	$42.22	2.48%	1.59%	1.75%	5.08%	0.07%	0.03
4/16/01	4/16/01	AOL Surpasses 29 Million Subscribers; Preview of Q1 Earnings	$43.31	2.58%	-0.50%	0.81%	-0.36%	2.70%	1.07
4/18/01 [7]	4/18/01	AOL Reports Positive Surprise For March Q Results; No Change to Guidance, But Visibility Remains Low	$49.00	11.62%	3.97%	6.29%	1.27%	5.15%	2.05 *
5/15/01	5/15/01	AOL and Sony Computer Entertainment Announce a Strategic Alliance	$50.75	-1.65%	0.14%	-1.53%	0.68%	-0.80%	-0.32
5/16/01	5/16/01	AOL and Bertelsmann Restructure AOL Europe Deal	$53.04	4.51%	2.73%	3.70%	1.66%	0.41%	0.16
5/22/01	5/22/01	Price Increase for AOL's Core Service; Raising Revenue & EBITDA	$56.15	-0.80%	-0.17%	-1.24%	8.81%	-0.48%	-0.19
5/23/01	5/23/01	AOL Update – Pittman Meeting	$55.28	-1.55%	-1.67%	-2.39%	-4.62%	1.57%	0.62
5/29/01	5/29/01	New MSN Promotion Should Have A Negligible Effect on AOL Subscriber Churn	$51.00	-4.73%	-1.04%	-1.28%	-5.81%	-2.63%	-1.04
6/4/01	6/4/01	Discussions With Microsoft RE: Windows XP	$51.95	-1.52%	0.51%	0.42%	0.52%	-2.02%	-0.80

EXHIBIT 1

AOL Time Warner, Inc.
Analysis of Stock-Price Reactions to CSFB Reports [1]

Source: CSFB Analyst Reports; Second Consolidated Amended Complaint; CRSP; SEC Filings; CS–AOL_0004243 – 0004274

Report Date	Effective Date [2]	CSFB Report Title	AOL Time Warner Closing Price on Effective Date	Returns on Effective Date: AOL Time Warner	Returns on Effective Date: NYSE / Nasdaq Composite	Returns on Effective Date: 10-K Media Index [3]	Returns on Effective Date: 10-K Internet Index [4]	AOL Time Warner Abnormal Return on Effective Date [5]	t-statistic [6]
6/12/01	6/12/01	AOL and Cox Partner for Multiple ISP Trial	$52.10	0.60%	0.02%	0.42%	-2.61%	0.71%	0.28
6/25/01	6/25/01	AOL June Q Preview: Cash Flow Good, Revenue Light; Adjusting Topline Estimates	$53.00	-0.19%	-0.49%	0.19%	5.35%	-0.16%	-0.06
6/25/01	6/25/01	AOL Surpasses 30 Million Subscribers	$53.00	-0.19%	-0.49%	0.19%	5.35%	-0.16%	-0.06
7/12/01	7/12/01	Media Metrix Reports Monthly Traffic Figures	$50.05	3.20%	2.36%	0.36%	2.51%	1.17%	0.46
7/19/01	7/19/01	AOL Reports Mixed June Q Results; Lowering H2 Revenue; Visibility Remains Low	$42.78	-4.19%	0.52%	-0.38%	6.48%	-4.70%	-1.87
8/2/01	8/3/01	June Quarter Asset Allocation Excellent	$46.88	-0.26%	-0.46%	-1.35%	-0.03%	1.01%	0.40
8/15/01	8/15/01	Lowering H2 Revenue & EBITDA Estimates, But Stock Should Be Nearing A Bottom	$39.70	0.13%	-0.68%	-2.19%	-1.71%	2.16%	0.86
8/22/01	8/22/01	Reducing Headcount By 1,700 in AOL Division	$39.50	-1.00%	0.74%	0.07%	0.03%	-1.45%	-0.58
9/19/01 [8]	9/19/01	Concerns About Entertainment Group Priced AOL; Buy at Current Levels	$30.95	1.64%	-1.71%	-0.07%	0.70%	3.09%	1.23
9/25/01	9/25/01	AOL Update: Reducing Estimates	$32.80	0.92%	0.76%	-2.54%	-1.86%	2.06%	0.82
10/18/01	10/18/01	In-Line Q3 Results; Outlook Unchanged	$29.90	-2.95%	-0.70%	-2.15%	0.08%	-1.07%	-0.42
11/26/01	11/27/01	AOL Surpasses 32 Million Subscribers	$36.76	-1.63%	-0.51%	-0.70%	-0.54%	-0.65%	-0.26
12/5/01	12/5/01	Senior Management Changes	$35.83	3.11%	2.31%	7.28%	11.19%	-3.39%	-1.35
1/8/02	1/8/02	Revised 2002 Guidance	$32.00	-2.08%	-0.25%	-2.35%	5.92%	-0.87%	-0.34
1/30/02	1/31/02	Reports Q4 Results	$26.31	-0.34%	1.32%	0.58%	0.97%	-1.58%	-0.63
						Average AOL Time Warner Abnormal Return		**-0.27%**	

Note:

[1] Exhibit includes 35 CSFB reports that are mentioned in the Complaint.

[2] The effective date is the trading day after the report for four reports dated 4/10/01, 8/2/01, 11/26/01, and 1/30/02 that were released after the close of trading on the report date. For all other reports, that were known to be released before the close of trading on the report date, the effective date of the report is the report date. The time of release was not available for the report dated 9/19/01, which was assumed to be released before the close of trading on the report date.

[3] The 10-K Media Index includes Walt Disney Company, Viacom, and The News Corporation.

[4] The 10-K Internet Index includes Earthlink, United Online (formerly Net Zero), and Yahoo.

[5] Abnormal returns are based on a 3-Factor regression of AOL Time Warner's returns on the value-weighted NYSE/NASDAQ Composite Returns, an equal-weighted 10-K Media Index, and an equal-weighted 10-K Internet Index for the period 1/12/01 to 7/24/02, excluding the effective dates of CSFB reports mentioned in the Complaint. In addition, because CSFB's 4/18/01 report was released near the close of the market on the report date, the next trading day was also excluded.
Abnormal Return = Actual Return - (-0.0016 + 0.7640*(NYSE/NASDAQ Value-Weighted Composite Return) + 0.0749*(10-K Internet Index Return) + 0.5570*(10-K Media Index Return)).

[6] An abnormal return with a t-statistic greater than 1.96 or less than -1.96 is significant at the 95% level and identified with a (*).

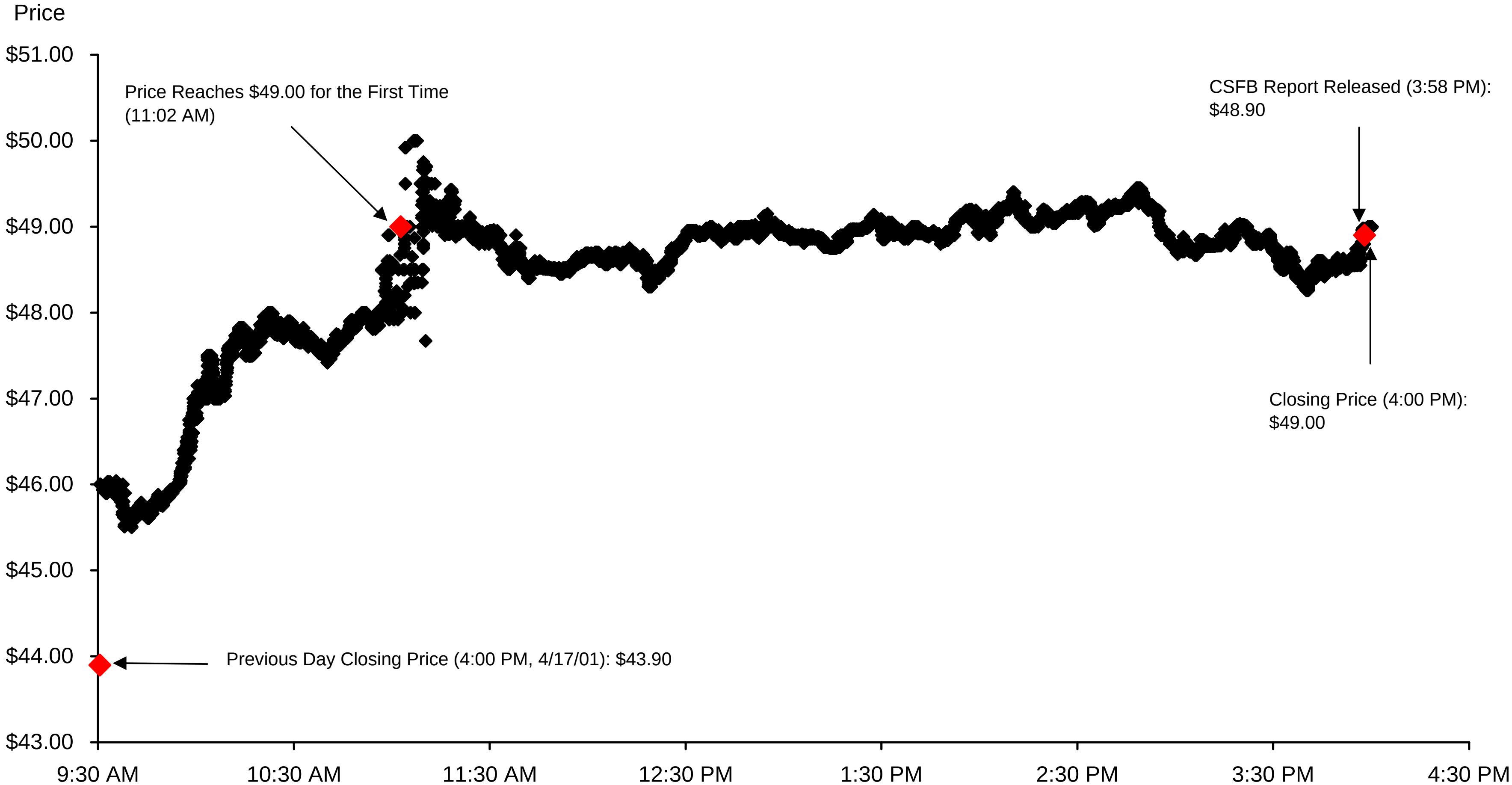
[7] AOL Time Warner's abnormal return on the next trading day, 4/19/01, is -0.09% (statistically insignificant).

[8] The Complaint incorrectly states that the report entitled "Concerns About Entertainment Group Priced AOL; Buy at Current Levels" was issued on 9/18/01. It was issued on 9/19/01.

EXHIBIT 2

AOL Time Warner, Inc. Intraday Stock Price
4/18/01

Source: TAQ; CRSP; Analyst Reports; CS–AOL_0004257



Note: AOL Time Warner announced its 1Q 2001 financial results at 6:02 AM on this date.
Chart does not include after-market trades.

EXHIBIT 3A

The Institutional Investor Magazine's All-American Equity Research Team Analysts
For Sectors Relevant to AOL Time Warner, Inc.

Source: The Institutional Investor Magazine

Year [1]	Sector	Division	Ranking	Firm	Analyst
2000	Media	Cable	First Team	Morgan Stanley	Richard Bilotti
			Second Team	Merrill Lynch	Jessica Reif Cohen
			Third Team	Bear Stearns	Raymond Katz
			Runners-up	CSFB	**Laura Martin**
				DLJ	Karim Zia
		Entertainment	First Team	Merrill Lynch	Jessica Reif Cohen
			Second Team	Morgan Stanley	Richard Bilotti
			Third Team	CSFB	**Laura Martin**
			Runners-up	Paine Webber	Christopher Dixon
				Salomon Smith Barney	Jill Krutick
				Goldman Sachs	Richard Simon
		Publishing and Information Services	First Team	DLJ	William Drewry
			Second Team	Bear Stearns	Kevin Gruneich
			Third Team	Morgan Stanley	Douglas Arthur
			Runners-up	Merrill Lynch	Lauren Rich Fine
		Radio and TV Broadcasting	First Team	Morgan Stanley	Frank Bodenchak
			Second Team	Deutsche Bank Alex Brown	Andrew Marcus
			Third Team	Salomon Smith Barney	Niraj Gupta
			Runners-up	Bear Stearns	Victor Miller IV
				Goldman Sachs	Richard Rosenstein
				CSFB	Paul Sweeney
	Technology and the Internet	E-commerce	First Team	Merrill Lynch	Henry Blodget
			Second Team	Morgan Stanley	Mary Meeker
			Third Team	DLJ	**Jamie Kiggen**
			Runners-up	Goldman Sachs	Anthony Noto
		Internet Infrastructure and Services	First Team	Morgan Stanley	Jeffrey Camp
			Second Team	Salomon Smith Barney	Stephen Mahedy
			Third Team	DLJ	Harry Blount
			Runners-up	Paine Webber	John Hodulick
		New Media	First Team	Merrill Lynch	Henry Blodget
			Second Team	Morgan Stanley	Mary Meeker
			Third Team	DLJ	**Jamie Kiggen**
			Runners-up		

EXHIBIT 3A

The Institutional Investor Magazine's All-American Equity Research Team Analysts
For Sectors Relevant to AOL Time Warner, Inc.

Source: The Institutional Investor Magazine

Year [1]	Sector	Division	Ranking	Firm	Analyst
2001	Media	Cable	First Team	Morgan Stanley	Richard Bilotti
			Second Team	Banc of America Securities	Douglas Shapiro
			Third Team	Bear Stearns	Raymond Katz
			Runners-up	Merrill Lynch	Jessica Reif Cohen
				Deutsche Bank Alex Brown	Karim Zia
		Entertainment	First Team	Merrill Lynch	Jessica Reif Cohen
			Second Team	Morgan Stanley	Richard Bilotti
			Third Team	CSFB	**Laura Martin**
			Runners-up	UBS Warburg	Christopher Dixon
				Salomon Smith Barney	Jill Krutick
				Sanford C. Bernstein	Thomas Wolzien
		Publishing and Information Services	First Team	Morgan Stanley	Douglas Arthur
			Second Team	CSFB	William Drewry
			Third Team	Bear Stearns	Kevin Gruneich
			Runners-up	Merrill Lynch	Lauren Rich Fine
		Radio and TV Broadcasting	First Team	Morgan Stanley	Frank Bodenchak
			Second Team	Deutsche Bank Alex Brown	Andrew Marcus
			Third Team	Bear Stearns	Victor Miller IV
			Runners-up	Salomon Smith Barney	Niraj Gupta
				CSFB	Paul Sweeney
	Technology	Internet Infrastructure Services	First Team	Morgan Stanley	Jeffrey Camp
			Second Team	Salomon Smith Barney	Stephen Mahedy
			Third Team	Lehman Brothers	Harry Blount
			Runners-up	Bear Stearns	Robert Fagin
		Internet Portals and Software	First Team	Lehman Brothers	Holly Becker
			Second Team	Goldman Sachs	Anthony Noto
			Third Team	Merrill Lynch	Henry Blodget
			Runners-up	Salomon Smith Barney	Charles (Lanny) Baker
				CSFB	**Jamie Kiggen**

EXHIBIT 3A

The Institutional Investor Magazine's All-American Equity Research Team Analysts For Sectors Relevant to AOL Time Warner, Inc.

Source: The Institutional Investor Magazine

Year [1]	Sector	Division	Ranking	Firm	Analyst
2002	Media	Cable	First Team	Morgan Stanley	Richard Bilotti
			Second Team	Deutsche Bank Securities	Karim Zia
			Third Team	Bear Stearns	Raymond Katz
			Runners-up	Merrill Lynch	Jessica Reif Cohen
				Banc of America Securities	Douglas Shapiro
		Entertainment	First Team	Merrill Lynch	Jessica Reif Cohen
			Second Team	Morgan Stanley	Richard Bilotti
			Third Team	Lehman Brothers	Stuart Linde
			Runners-up	Bear Stearns	Raymond Katz
				Sanford C. Bernstein	Thomas Wolzien
		Publishing and Information Services	First Team	CSFB	William Drewry
			Second Team	Bear Stearns	Kevin Gruneich
			Third Team	Morgan Stanley	Douglas Arthur
			Runners-up	Citi/SSB	William Bird
				Merrill Lynch	Lauren Rich Fine
		Radio and TV Broadcasting	First Team	Bear Stearns	Victor Miller IV
			Second Team	Deutsche Bank Securities	Andrew Marcus
			Third Team	CSFB	Paul Sweeney
			Runners-up	Lehman Brothers	William Meyers
				Goldman Sachs	Richard Rosenstein
				Banc of America Securities	W. Timothy Wallace
	Technology	Internet	First Team	Lehman Brothers	Holly Becker
			Second Team	Goldman Sachs	Anthony Noto
			Third Team	Citi/SSB	Charles (Lanny) Baker
			Runners-up		

Note:

[1] Reflects the year of the Institutional Investor Magazine's publication. Rankings are published in October each year and cover analysts' work during the previous calendar year and the period of time in the year of publication before the Institutional Investor Magazine's survey is completed.

EXHIBIT 3B

Mentions of All-American Equity Research Team Analysts [1]
In AOL Time Warner, Inc. Public Press
1/12/01 – 7/24/02

Source: Factiva; The Institutional Investor Magazine

Analyst	Firm	Highest Rank Awarded 2000 – 2002	Number of Mentions [2]
Jamie Kiggen	CSFB	Third Team	3
Laura Martin	CSFB	Third Team	0
Total for Kiggen and Martin			**3**
All Other Analysts			
Thomas Wolzien	Bernstein Research	Runner-up	31
Jessica Reif Cohen	Merrill Lynch	First Team	27
Henry Blodget	Merrill Lynch	First Team	18
Holly Becker	Lehman Brothers	First Team	15
Christopher Dixon	UBS Warburg	Runner-up	15
Mary Meeker	Morgan Stanley	Second Team	7
Richard Bilotti	Morgan Stanley	First Team	3
Charles (Lanny) Baker	Salomon Smith Barney	Third Team	2
Anthony Noto	Goldman Sachs	Second Team	1
Jill Krutick	Salomon Smith Barney	Runner-up	1
Stuart Linde	Lehman Brothers	Third Team	1
Andrew Marcus	Deutsche Bank	Second Team	1
Lauren Rich Fine	Merrill Lynch	Runner-up	1
Paul Sweeney	CSFB	Third Team	1
Total for All Other Analysts			**124**

Note:

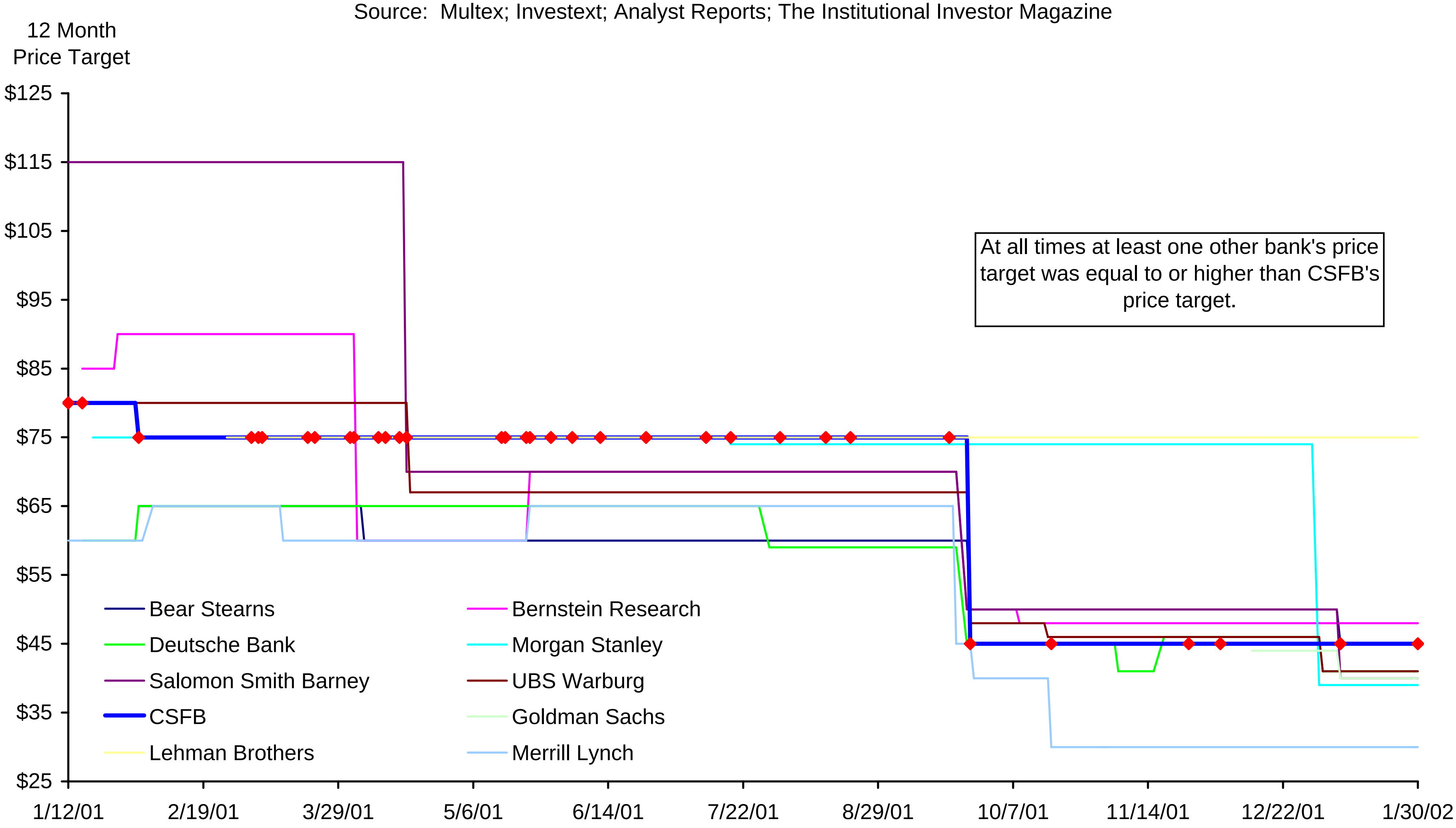
[1] Includes analysts ranked in at least one of the Institutional Investor Magazine's All-American Equity Research Team categories (first, second, or third team, or runner-up) in years 2000, 2001, 2002 in industry sectors relevant to AOL Time Warner that were also mentioned in the AOL Time Warner public press.

[2] The number of mentions for a particular analyst was obtained by searching for the name of the analyst in public press articles about AOL Time Warner published during the class period (1/12/01 – 7/24/02).

EXHIBIT 4A

AOL Time Warner, Inc.
12 Month Price Targets by Bank
1/12/01 – 1/30/02

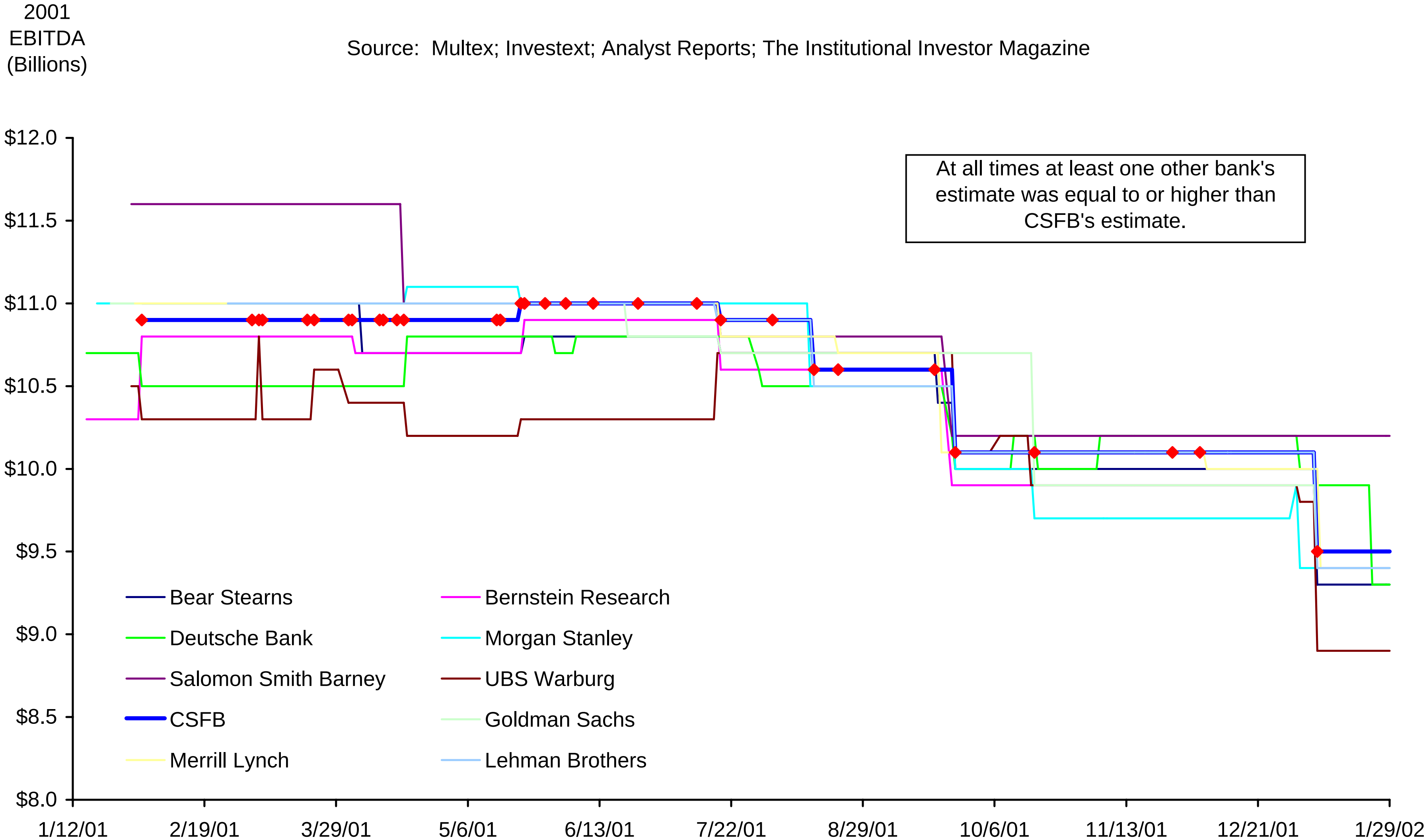
Source: Multex; Investext; Analyst Reports; The Institutional Investor Magazine



Note: Diamonds indicate dates of CSFB reports mentioned in Complaint. CSFB's price target of $80 for AOL Time Warner from 1/12/01 to 2/1/01 matched exactly its price target for America Online in its reports prior to the merger. Although CSFB did not provide sufficient detail on its models to ascertain whether this $80 price target was for the combined company's financials, it is likely to have been so since CSFB's 1/16/01 report already has the title "AOL Time Warner." Date range ends on 1/30/02, the date of the last CSFB report mentioned in the Complaint.

EXHIBIT 4B

AOL Time Warner, Inc.
2001 EBITDA Estimates by Bank
1/12/01 – 1/29/02

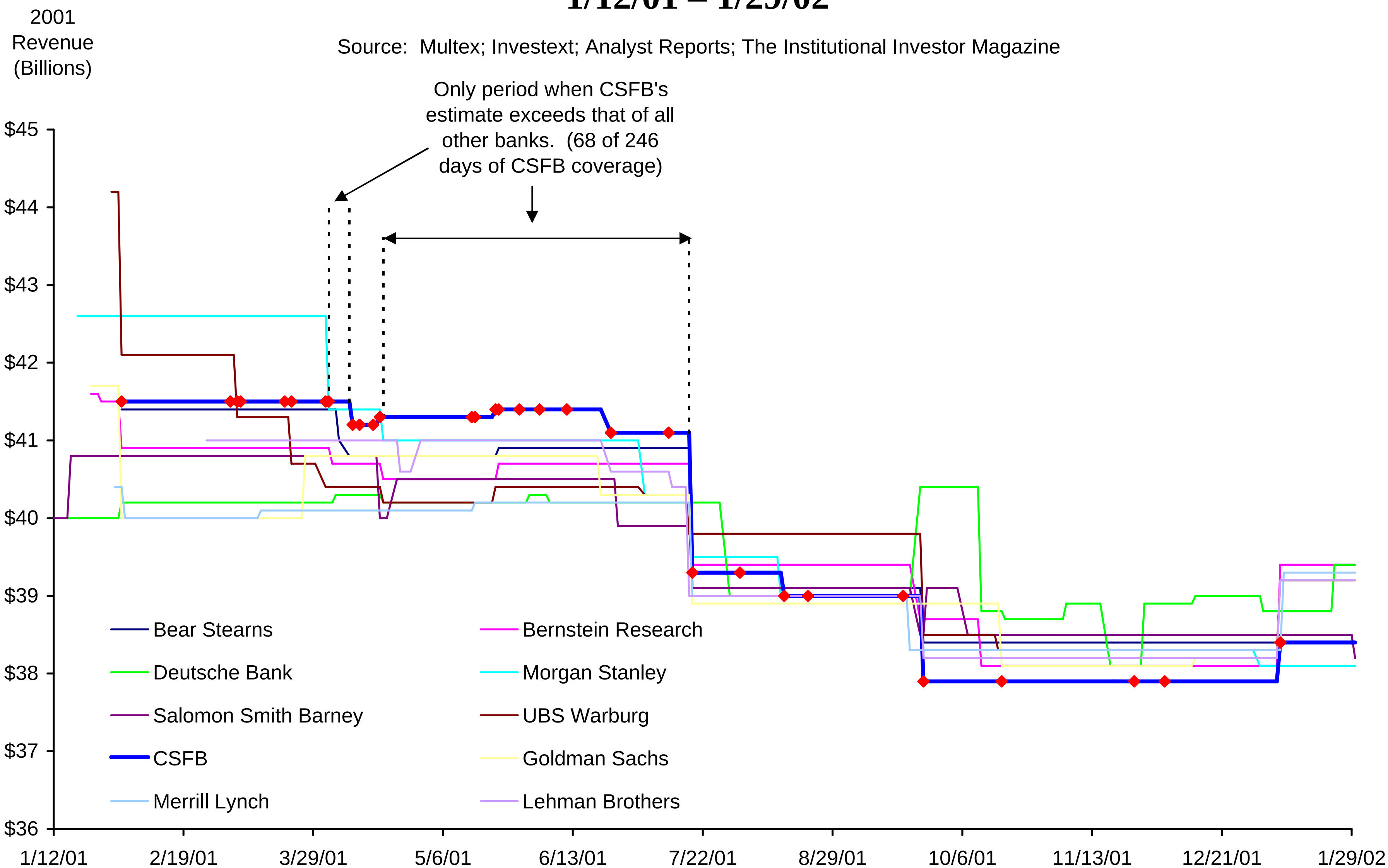


Note: Diamonds indicate dates of CSFB reports mentioned in Complaint. The comparison of CSFB's EBITDA to that of the other banks starts on 2/1/01 as it is not clear that CSFB's reports for AOL Time Warner from 1/12/01 to 2/1/01 updated all financials to reflect the combined company's financials. For example, these reports show a fiscal year end of June, corresponding to America Online's fiscal year end, instead of the combined company's fiscal year end of December and EBITDA/share numbers that appear to be for America Online. The date range ends on 1/29/02, the day prior to the day that AOL Time Warner reported its 4Q 2001 results.

EXHIBIT 4C

AOL Time Warner, Inc.
2001 Revenue Estimates by Bank
1/12/01 – 1/29/02

Source: Multex; Investext; Analyst Reports; The Institutional Investor Magazine

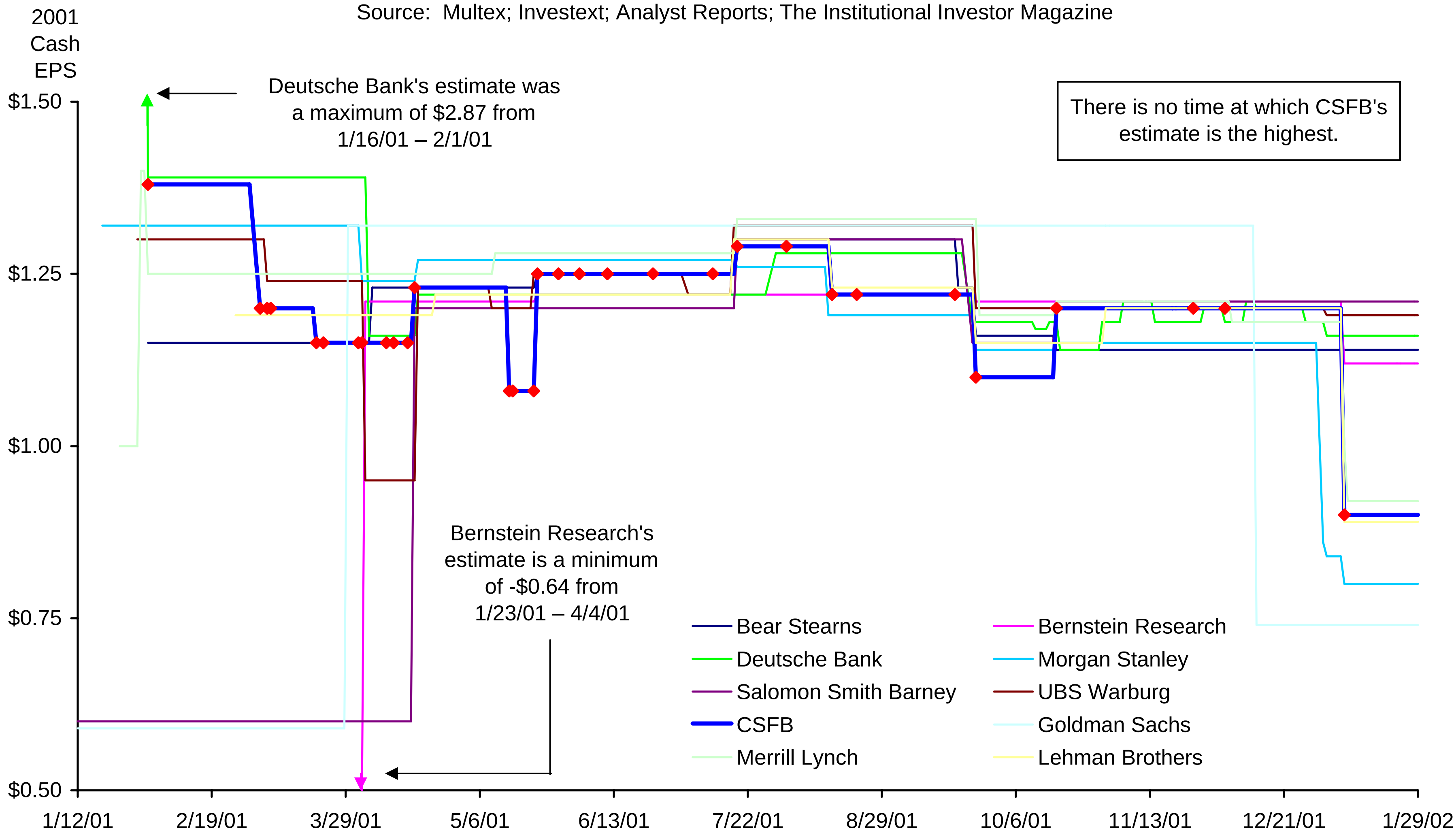


Note: Diamonds indicate dates of CSFB reports mentioned in Complaint. CSFB did not provide a revenue estimate for AOL Time Warner until 2/1/01. The date range ends on 1/29/02, the day prior to the day that AOL Time Warner reported its 4Q 2001 results. Unless indicated, at all other times at least one other bank's estimate was equal to or higher than CSFB's estimate.

EXHIBIT 4D

AOL Time Warner, Inc.
2001 Cash EPS Estimates by Bank
1/12/01 – 1/29/02

Source: Multex; Investext; Analyst Reports; The Institutional Investor Magazine



Note: Diamonds indicate dates of CSFB reports mentioned in Complaint. The comparison of CSFB's Cash EPS to that of the other banks starts on 2/1/01 as it is not clear that CSFB's reports for AOL Time Warner from 1/12/01 to 2/1/01 updated all financials to reflect the combined company's financials. For example, these reports show a fiscal year end of June, corresponding to America Online's fiscal year end, instead of the combined company's fiscal year end of December and Cash EPS numbers that appear to be for America Online. The date range ends on 1/29/02, the day prior to the day that AOL Time Warner reported its 4Q 2001 results.

EXHIBIT 5A

AOL Time Warner, Inc.
Summary of Banks with a 12 Month Price Target Higher than or Equal to CSFB Target
1/12/01 – 1/30/02 [1]

Source: Multex; Investext; Analyst Reports; The Institutional Investor Magazine

CSFB Targets				Banks With Higher or Equal Concurrent Targets [2]				
Date Range of Target	12 Month Price Target	Number of Other Banks with Higher or Equal Concurrent Targets	Number of Trading Days CSFB's Target is Lower than or Equal to at Least One Other Bank / Trading Days in Date Range	Bank	Date Range of Target	12 Month Price Target	Amount Target is Higher than CSFB's Target	Number of Trading Days Target is Higher than or Equal to CSFB Target / Trading Days in CSFB Date Range
1/12/01 – 2/1/01 [3]	$80.00	3	13/13	Bernstein Research	1/16/01 – 1/26/01	$85-$90	$5-$10	8/13
				Bernstein Research	1/26/01 – 4/4/01	$90.00	$10.00	4/13
				Salomon Smith Barney	1/12/01 – 4/18/01	$115.00	$35.00	13/13
				UBS Warburg	1/29/01 – 4/19/01	$80.00	$0.00	3/13
2/1/01 – 9/25/01	$75.00	5	159/159	Bernstein Research	1/26/01 – 4/4/01	$90.00	$15.00	43/159
				Lehman Brothers	2/26/01 – 1/30/02	$75.00	$0.00	143/159
				Morgan Stanley	1/19/01 – 7/19/01	$75.00	$0.00	116/159
				Salomon Smith Barney	1/12/01 – 4/18/01	$115.00	$40.00	52/159
				UBS Warburg	1/29/01 – 4/19/01	$80.00	$5.00	53/159
9/25/01 – 1/30/02	$45.00	8	88/88	Bear Stearns	9/25/01 – 1/8/02	$50.00	$5.00	72/88
				Bear Stearns	1/8/02 – 1/30/02	$45.00	$0.00	16/88
				Bernstein Research	9/24/01 – 10/9/01	$50.00	$5.00	10/88
				Bernstein Research	10/9/01 – 1/30/02	$48-$49	$3-$4	78/88
				Deutsche Bank	9/24/01 – 11/6/01	$45.00	$0.00	30/88
				Deutsche Bank	11/19/01 – 1/3/02	$46.00	$1.00	30/88
				Lehman Brothers	2/26/01 – 1/30/02	$75.00	$30.00	88/88
				Merrill Lynch	9/21/01 – 9/26/01	$45-$50	$0-$5	1/88
				Morgan Stanley	7/19/01 – 1/2/02	$74.00	$29.00	68/88
				Salomon Smith Barney	9/24/01 – 1/8/02	$50.00	$5.00	72/88

EXHIBIT 5A

AOL Time Warner, Inc.
Summary of Banks with a 12 Month Price Target Higher than or Equal to CSFB Target
1/12/01 – 1/30/02 [1]

Source: Multex; Investext; Analyst Reports; The Institutional Investor Magazine

CSFB Targets				Banks With Higher or Equal Concurrent Targets [2]				
Date Range of Target	12 Month Price Target	Number of Other Banks with Higher or Equal Concurrent Targets	Number of Trading Days CSFB's Target is Lower than or Equal to at Least One Other Bank / Trading Days in Date Range	Bank	Date Range of Target	12 Month Price Target	Amount Target is Higher than CSFB's Target	Number of Trading Days Target is Higher than or Equal to CSFB Target / Trading Days in CSFB Date Range
				UBS Warburg	9/25/01 – 10/17/01	$48.00	$3.00	16/88
				UBS Warburg	10/17/01 – 1/3/02	$46.00	$1.00	53/88

Total Trading Days Lower than or Equal	260
Number of Trading Days (1/12/01 – 1/30/02)	260
Percentage of Trading Days CSFB Lower than or Equal to Others	100%

Note:

[1] Date range ends on 1/30/02, the date of the last CSFB report mentioned in the Complaint.

[2] Reflects data collected for the time period 1/12/01 – 1/30/02 by analysts ranked by the Institutional Investor magazine for their coverage of AOL Time Warner industry sectors. The following banks were reviewed: Bear Stearns, Bernstein Research, Deutsche Bank, Goldman Sachs, Lehman Brothers, Merrill Lynch, Morgan Stanley, Salomon Smith Barney, and UBS Warburg.

[3] CSFB's price target of $80 for AOL Time Warner from 1/12/01 to 2/1/01 matched exactly its price target for America Online in its reports prior to the merger. Although CSFB did not provide sufficient detail on its models to ascertain whether this $80 price target was for the combined company's financials, it is likely to have been so since CSFB's 1/16/01 report already had the title "AOL Time Warner."

EXHIBIT 5B

AOL Time Warner, Inc.
Summary of Banks with 2001 EBITDA Estimates Higher than or Equal to CSFB Estimate
1/12/01 – 1/29/02 [1]

Source: Multex; Investext; Analyst Reports; The Institutional Investor Magazine
(Dollars in billions)

CSFB Estimates				Banks With Higher or Equal Concurrent Estimates [2]				
Date Range of Estimate	2001 EBITDA Estimate	Number of Other Banks with Higher or Equal Concurrent Estimates	Number of Trading Days CSFB's Estimate is Lower than or Equal to at Least One Other Bank / Trading Days in Date Range	Bank	Date Range of Estimate	2001 EBITDA Estimate	Amount Estimate is Higher than CSFB's Estimate	Number of Trading Days Estimate is Higher than or Equal to CSFB Estimate / Trading Days in CSFB Date Range
1/12/01 – 2/1/01	[3]			Bernstein Research	1/16/01 – 2/1/01	$10.3		
				Deutsche Bank	1/16/01 – 2/1/01	$10.7		
				Goldman Sachs	1/23/01 – 6/22/01	$11.0		
				Merrill Lynch	1/30/01 – 7/19/01	$11.0		
				Morgan Stanley	1/19/01 – 4/19/01	$11.0		
				Salomon Smith Barney	1/29/01 – 4/18/01	$11.6		
				UBS Warburg	1/29/01 – 2/1/01	$10.5		
2/1/01 – 5/22/01	$10.9	6	76/76	Bear Stearns	2/1/01 – 4/6/01	$11.0	$0.1	45/76
				Goldman Sachs	1/23/01 – 6/22/01	$11.0	$0.1	76/76
				Lehman Brothers	2/26/01 – 7/18/01	$11.0	$0.1	60/76
				Merrill Lynch	1/30/01 – 7/19/01	$11.0	$0.1	76/76
				Morgan Stanley	1/19/01 – 4/19/01	$11.0	$0.1	53/76
				Morgan Stanley	4/19/01 – 5/22/01	$11.1	$0.2	23/76
				Salomon Smith Barney	1/29/01 – 4/18/01	$11.6	$0.7	52/76
				Salomon Smith Barney	4/18/01 – 7/19/01	$11.0	$0.1	24/76
5/22/01 – 7/19/01	$11.0	5	40/40	Goldman Sachs	1/23/01 – 6/22/01	$11.0	$0.0	22/40
				Lehman Brothers	2/26/01 – 7/18/01	$11.0	$0.0	39/40
				Merrill Lynch	1/30/01 – 7/19/01	$11.0	$0.0	40/40
				Morgan Stanley	5/22/01 – 8/14/01	$11.0	$0.0	40/40

EXHIBIT 5B

AOL Time Warner, Inc.
Summary of Banks with 2001 EBITDA Estimates Higher than or Equal to CSFB Estimate
1/12/01 – 1/29/02 [1]

Source: Multex; Investext; Analyst Reports; The Institutional Investor Magazine

(Dollars in billions)

CSFB Estimates				Banks With Higher or Equal Concurrent Estimates [2]				
Date Range of Estimate	2001 EBITDA Estimate	Number of Other Banks with Higher or Equal Concurrent Estimates	Number of Trading Days CSFB's Estimate is Lower than or Equal to at Least One Other Bank / Trading Days in Date Range	Bank	Date Range of Estimate	2001 EBITDA Estimate	Amount Estimate is Higher than CSFB's Estimate	Number of Trading Days Estimate is Higher than or Equal to CSFB Estimate / Trading Days in CSFB Date Range
				Salomon Smith Barney	4/18/01 – 7/19/01	$11.0	$0.0	40/40
7/19/01 – 8/15/01	$10.9	2	19/19	Lehman Brothers	7/18/01 – 8/15/01	$10.9	$0.0	19/19
				Morgan Stanley	5/22/01 – 8/14/01	$11.0	$0.1	18/19
8/15/01 – 9/25/01	$10.6	6	24/24	Bear Stearns	7/19/01 – 9/20/01	$10.7	$0.1	21/24
				Bernstein Research	7/19/01 – 9/24/01	$10.6	$0.0	23/24
				Goldman Sachs	7/19/01 – 10/18/01	$10.7	$0.1	24/24
				Merrill Lynch	8/22/01 – 9/21/01	$10.7	$0.1	17/24
				Salomon Smith Barney	7/19/01 – 9/24/01	$10.8	$0.2	23/24
				UBS Warburg	7/18/01 – 9/25/01	$10.7	$0.1	24/24
9/25/01 – 1/8/02	$10.1	6	72/72	Deutsche Bank	10/12/01 – 10/19/01	$10.2	$0.1	5/72
				Deutsche Bank	11/6/01 – 1/3/02	$10.2	$0.1	39/72
				Goldman Sachs	7/19/01 – 10/18/01	$10.7	$0.6	17/72
				Lehman Brothers	9/25/01 – 1/8/02	$10.1	$0.0	72/72
				Merrill Lynch	9/21/01 – 12/7/01	$10.1	$0.0	52/72
				Salomon Smith Barney	9/24/01 – 1/29/02	$10.2	$0.1	72/72
				UBS Warburg	9/25/01 – 10/8/01	$10.1	$0.0	9/72
				UBS Warburg	10/8/01 – 10/17/01	$10.2	$0.1	7/72
1/8/02 – 1/29/02	$9.5	3	15/15	Deutsche Bank	1/8/02 – 1/24/02	$9.9	$0.4	11/15

EXHIBIT 5B

AOL Time Warner, Inc.
Summary of Banks with 2001 EBITDA Estimates Higher than or Equal to CSFB Estimate
1/12/01 – 1/29/02 [1]

Source: Multex; Investext; Analyst Reports; The Institutional Investor Magazine

(Dollars in billions)

CSFB Estimates				Banks With Higher or Equal Concurrent Estimates [2]				
Date Range of Estimate	**2001 EBITDA Estimate**	**Number of Other Banks with Higher or Equal Concurrent Estimates**	**Number of Trading Days CSFB's Estimate is Lower than or Equal to at Least One Other Bank / Trading Days in Date Range**	**Bank**	**Date Range of Estimate**	**2001 EBITDA Estimate**	**Amount Estimate is Higher than CSFB's Estimate**	**Number of Trading Days Estimate is Higher than or Equal to CSFB Estimate / Trading Days in CSFB Date Range**
				Merrill Lynch	12/7/01 – 1/9/02	$10.0	$0.5	1/15
				Salomon Smith Barney	9/24/01 – 1/29/02	$10.2	$0.7	15/15

Total Trading Days Lower than or Equal	246
Number of Trading Days (2/1/01 – 1/29/02)	246
Percentage of Trading Days CSFB Lower than or Equal	100%

Note:

[1] The date range ends on 1/29/02, the day prior to the day that AOL Time Warner reported its 4Q 2001 results.

[2] Reflects data collected for the time period 1/12/01 – 1/29/02 by analysts ranked by the Institutional Investor magazine for their coverage of AOL Time Warner industry sectors. The following banks were reviewed: Bear Stearns, Bernstein Research, Deutsche Bank, Goldman Sachs, Lehman Brothers, Merrill Lynch, Morgan Stanley, Salomon Smith Barney, and UBS Warburg.

[3] The comparison of CSFB's EBITDA to that of the other banks starts on 2/1/01 as it is not clear that CSFB's reports for AOL Time Warner from 1/12/01 to 2/1/01, updated all financials to reflect the combined company's financials. For example, these reports show a fiscal year end of June, corresponding to America Online's fiscal year end, instead of the combined company's fiscal year end of December and EBITDA/share numbers that appear to be for America Online.

EXHIBIT 5C

AOL Time Warner, Inc.
Summary of Banks with 2001 Revenue Estimates Higher than or Equal to CSFB Estimate
1/12/01 – 1/29/02 [1]

Source: Multex; Investext; Analyst Reports; The Institutional Investor Magazine
(Dollars in billions)

CSFB Estimates				Banks With Higher or Equal Concurrent Estimates [2]				
Date Range of Estimate	2001 Revenue Estimate	Number of Other Banks with Higher or Equal Concurrent Estimates	Number of Trading Days CSFB's Estimate is Lower than or Equal to at Least One Other Bank / Trading Days in Date Range	Bank	Date Range of Estimate	2001 Revenue Estimate	Amount Estimate is Higher than CSFB's Estimate	Number of Trading Days Estimate is Higher than or Equal to CSFB Estimate / Trading Days in CSFB Date Range
1/12/01 – 2/1/01	[3]			Bernstein Research	1/23/01 – 1/26/01	$41.6		
				Bernstein Research	1/26/01 – 2/1/01	$41.5		
				Goldman Sachs	1/23/01 – 2/1/01	$41.7		
				Morgan Stanley	1/19/01 – 4/3/01	$42.6		
				UBS Warburg	1/29/01 – 2/1/01	$44.2		
2/1/01 – 4/10/01	$41.5	2	42/47	Morgan Stanley	1/19/01 – 4/3/01	$42.6	$1.1	42/47
				UBS Warburg	2/1/01 – 3/7/01	$42.1	$0.6	23/47
4/10/01 – 4/18/01	$41.2	1	5/5	Morgan Stanley	4/3/01 – 4/19/01	$41.4	$0.2	5/5
4/18/01 – 5/22/01	$41.3	1	1/24	Morgan Stanley	4/3/01 – 4/19/01	$41.4	$0.1	1/24
5/22/01 – 6/25/01	$41.4							
6/25/01 – 7/19/01	$41.1							
7/19/01 – 8/15/01	$39.3	4	19/19	Bernstein Research	7/19/01 – 9/24/01	$39.4	$0.1	19/19
				Deutsche Bank	6/7/01 – 7/30/01	$40.2	$0.9	7/19
				Morgan Stanley	7/19/01 – 8/14/01	$39.5	$0.2	18/19
				UBS Warburg	7/18/01 – 9/25/01	$39.8	$0.5	19/19
8/15/01 – 9/25/01	$39.0	8	24/24	Bear Stearns	7/19/01 – 9/25/01	$39.1	$0.1	24/24
				Bernstein Research	7/19/01 – 9/24/01	$39.4	$0.4	23/24
				Deutsche Bank	7/30/01 – 9/24/01	$39.0	$0.0	23/24
				Deutsche Bank	9/24/01 – 10/12/01	$40.4	$1.4	1/24

EXHIBIT 5C

AOL Time Warner, Inc.
Summary of Banks with 2001 Revenue Estimates Higher than or Equal to CSFB Estimate
1/12/01 – 1/29/02 [1]

Source: Multex; Investext; Analyst Reports; The Institutional Investor Magazine
(Dollars in billions)

CSFB Estimates				Banks With Higher or Equal Concurrent Estimates [2]				
Date Range of Estimate	2001 Revenue Estimate	Number of Other Banks with Higher or Equal Concurrent Estimates	Number of Trading Days CSFB's Estimate is Lower than or Equal to at Least One Other Bank / Trading Days in Date Range	Bank	Date Range of Estimate	2001 Revenue Estimate	Amount Estimate is Higher than CSFB's Estimate	Number of Trading Days Estimate is Higher than or Equal to CSFB Estimate / Trading Days in CSFB Date Range
				Lehman Brothers	7/18/01 – 9/25/01	$39.0	$0.0	24/24
				Merrill Lynch	7/19/01 – 9/21/01	$39.0	$0.0	22/24
				Morgan Stanley	8/14/01 – 9/25/01	$39.0	$0.0	24/24
				Salomon Smith Barney	7/19/01 – 9/24/01	$39.1	$0.1	23/24
				UBS Warburg	7/18/01 – 9/25/01	$39.8	$0.8	24/24
9/25/01 – 1/8/02	$37.9	9	72/72	Bear Stearns	9/25/01 – 1/29/02	$38.4	$0.5	72/72
				Bernstein Research	9/24/01 – 10/12/01	$38.7	$0.8	13/72
				Bernstein Research	10/12/01 – 1/8/02	$38.1	$0.2	59/72
				Deutsche Bank	9/24/01 – 10/12/01	$40.4	$2.5	13/72
				Deutsche Bank	10/12/01 – 10/19/01	$38.8	$0.9	5/72
				Deutsche Bank	10/19/01 – 11/6/01	$38.7	$0.8	12/72
				Deutsche Bank	11/6/01 – 11/19/01	$38.9	$1.0	9/72
				Deutsche Bank	11/19/01 – 11/29/01	$38.1	$0.2	7/72
				Deutsche Bank	11/29/01 – 12/14/01	$38.9	$1.0	11/72
				Deutsche Bank	12/14/01 – 1/3/02	$39.0	$1.1	12/72
				Deutsche Bank	1/3/02 – 1/24/02	$38.8	$0.9	3/72
				Goldman Sachs	7/19/01 – 10/18/01	$38.9	$1.0	17/72
				Goldman Sachs	10/18/01 – 12/14/01	$38.1	$0.2	40/72
				Goldman Sachs	12/14/01 – 1/8/02	$38.2	$0.3	15/72
				Lehman Brothers	9/25/01 – 1/8/02	$38.2	$0.3	72/72
				Merrill Lynch	9/21/01 – 1/9/02	$38.3	$0.4	72/72

EXHIBIT 5C

AOL Time Warner, Inc.
Summary of Banks with 2001 Revenue Estimates Higher than or Equal to CSFB Estimate
1/12/01 – 1/29/02 [1]

Source: Multex; Investext; Analyst Reports; The Institutional Investor Magazine
(Dollars in billions)

CSFB Estimates				Banks With Higher or Equal Concurrent Estimates [2]				
Date Range of Estimate	**2001 Revenue Estimate**	**Number of Other Banks with Higher or Equal Concurrent Estimates**	**Number of Trading Days CSFB's Estimate is Lower than or Equal to at Least One Other Bank / Trading Days in Date Range**	**Bank**	**Date Range of Estimate**	**2001 Revenue Estimate**	**Amount Estimate is Higher than CSFB's Estimate**	**Number of Trading Days Estimate is Higher than or Equal to CSFB Estimate / Trading Days in CSFB Date Range**
				Morgan Stanley	9/25/01 – 1/2/02	$38.3	$0.4	68/72
				Morgan Stanley	1/2/02 – 1/29/02	$38.1	$0.2	4/72
				Salomon Smith Barney	9/24/01 – 9/26/01	$38.5	$0.6	1/72
				Salomon Smith Barney	9/26/01 – 10/8/01	$39.1	$1.2	8/72
				Salomon Smith Barney	10/8/01 – 1/29/02	$38.5	$0.6	63/72
				UBS Warburg	9/25/01 – 10/17/01	$38.5	$0.6	16/72
				UBS Warburg	10/17/01 – 1/8/02	$38.3	$0.4	56/72
1/8/02 – 1/29/02	$38.4	8	15/15	Bear Stearns	9/25/01 – 1/29/02	$38.4	$0.0	15/15
				Bernstein Research	1/8/02 – 1/29/02	$39.4	$1.0	15/15
				Deutsche Bank	1/3/02 – 1/24/02	$38.8	$0.4	11/15
				Deutsche Bank	1/24/02 – 1/29/02	$39.4	$1.0	4/15
				Goldman Sachs	1/8/02 – 1/29/02	$39.2	$0.8	15/15
				Lehman Brothers	1/8/02 – 1/29/02	$39.2	$0.8	15/15
				Merrill Lynch	1/9/02 – 1/29/02	$39.3	$0.9	14/15

EXHIBIT 5C

AOL Time Warner, Inc.
Summary of Banks with 2001 Revenue Estimates Higher than or Equal to CSFB Estimate
1/12/01 – 1/29/02 [1]

Source: Multex; Investext; Analyst Reports; The Institutional Investor Magazine

(Dollars in billions)

CSFB Estimates				Banks With Higher or Equal Concurrent Estimates [2]				
Date Range of Estimate	2001 Revenue Estimate	Number of Other Banks with Higher or Equal Concurrent Estimates	Number of Trading Days CSFB's Estimate is Lower than or Equal to at Least One Other Bank / Trading Days in Date Range	Bank	Date Range of Estimate	2001 Revenue Estimate	Amount Estimate is Higher than CSFB's Estimate	Number of Trading Days Estimate is Higher than or Equal to CSFB Estimate / Trading Days in CSFB Date Range
				Salomon Smith Barney	10/8/01 – 1/29/02	$38.5	$0.1	15/15
				UBS Warburg	1/8/02 – 1/29/02	$39.2	$0.8	15/15

Total Trading Days Lower than or Equal	178
Number of Trading Days (2/1/01 – 1/29/02)	246
Percentage of Trading Days CSFB Lower than or Equal	72%

Note:

[1] The date range ends on 1/29/02, the day prior to the day that AOL Time Warner reported its 4Q 2001 results.

[2] Reflects data collected for the time period 1/12/01 – 1/29/02 by analysts ranked by the Institutional Investor magazine for their coverage of AOL Time Warner industry sectors. The following banks were reviewed: Bear Stearns, Bernstein Research, Deutsche Bank, Goldman Sachs, Lehman Brothers, Merrill Lynch, Morgan Stanley, Salomon Smith Barney, and UBS Warburg.

[3] CSFB does not provide a revenue estimate on AOL Time Warner until 2/1/01.

EXHIBIT 5D

AOL Time Warner, Inc.
Summary of Banks with Higher 2001 Cash EPS Estimates than CSFB
1/12/01 – 1/29/02 [1]

Source: Multex; Investext; Analyst Reports; The Institutional Investor Magazine

CSFB Estimates				Banks With Higher Concurrent Estimates [2]				
Date Range of Estimate	2001 Cash EPS Estimate	Number of Other Banks with Higher Concurrent Estimates	Number of Trading Days CSFB's Estimate is Lower than at Least One Other Bank / Trading Days in Date Range	Bank	Date Range of Estimate	2001 Cash EPS Estimate	Amount Estimate is Higher than CSFB's Estimate	Number of Trading Days Estimate is Higher than CSFB Estimate / Trading Days in CSFB Date Range
1/12/01 – 2/1/01	[3]			Deutsche Bank	1/16/01 – 2/1/01	$2.87		
				Merrill Lynch	1/24/01 – 1/30/01	$1.00		
				Merrill Lynch	1/30/01 – 2/1/01	$1.40		
				Morgan Stanley	1/19/01 – 4/3/01	$1.32		
				UBS Warburg	1/29/01 – 3/7/01	$1.30		
2/1/01 – 3/5/01	$1.38	1	21/21	Deutsche Bank	2/1/01 – 4/5/01	$1.39	$0.01	21/21
3/5/01 – 3/21/01	$1.20	4	12/12	Deutsche Bank	2/1/01 – 4/5/01	$1.39	$0.19	12/12
				Merrill Lynch	2/1/01 – 5/11/01	$1.25	$0.05	12/12
				Morgan Stanley	1/19/01 – 4/3/01	$1.32	$0.12	12/12
				UBS Warburg	1/29/01 – 3/7/01	$1.30	$0.10	2/12
				UBS Warburg	3/7/01 – 4/4/01	$1.24	$0.04	10/12
3/21/01 – 4/18/01	$1.15	8	19/19	Bear Stearns	4/6/01 – 5/23/01	$1.23	$0.08	7/19
				Bernstein Research	4/4/01 – 5/23/01	$1.21	$0.06	9/19
				Deutsche Bank	2/1/01 – 4/5/01	$1.39	$0.24	11/19
				Deutsche Bank	4/5/01 – 4/19/01	$1.16	$0.01	8/19
				Goldman Sachs	3/30/01 – 12/14/01	$1.32	$0.17	12/19
				Lehman Brothers	2/26/01 – 4/24/01	$1.19	$0.04	19/19
				Merrill Lynch	2/1/01 – 5/11/01	$1.25	$0.10	19/19
				Morgan Stanley	4/3/01 – 4/19/01	$1.24	$0.09	10/19
				UBS Warburg	3/7/01 – 4/4/01	$1.24	$0.09	10/19
				UBS Warburg	4/4/01 – 4/19/01	$1.19	$0.04	9/19

EXHIBIT 5D

AOL Time Warner, Inc.
Summary of Banks with Higher 2001 Cash EPS Estimates than CSFB
1/12/01 – 1/29/02 [1]

Source: Multex; Investext; Analyst Reports; The Institutional Investor Magazine

CSFB Estimates				Banks With Higher Concurrent Estimates [2]				
Date Range of Estimate	2001 Cash EPS Estimate	Number of Other Banks with Higher Concurrent Estimates	Number of Trading Days CSFB's Estimate is Lower than at Least One Other Bank / Trading Days in Date Range	Bank	Date Range of Estimate	2001 Cash EPS Estimate	Amount Estimate is Higher than CSFB's Estimate	Number of Trading Days Estimate is Higher than CSFB Estimate / Trading Days in CSFB Date Range
4/18/01 – 5/15/01	$1.23	3	19/19	Goldman Sachs	3/30/01 – 12/14/01	$1.32	$0.09	19/19
				Merrill Lynch	2/1/01 – 5/11/01	$1.25	$0.02	17/19
				Merrill Lynch	5/11/01 – 7/19/01	$1.28	$0.05	2/19
				Morgan Stanley	4/19/01 – 7/19/01	$1.27	$0.04	18/19
5/15/01 – 5/23/01	$1.08	9	6/6	Bear Stearns	4/6/01 – 5/23/01	$1.23	$0.15	6/6
				Bernstein Research	4/4/01 – 5/23/01	$1.21	$0.13	6/6
				Deutsche Bank	4/19/01 – 7/30/01	$1.22	$0.14	6/6
				Goldman Sachs	3/30/01 – 12/14/01	$1.32	$0.24	6/6
				Lehman Brothers	4/24/01 – 7/18/01	$1.22	$0.14	6/6
				Merrill Lynch	5/11/01 – 7/19/01	$1.28	$0.20	6/6
				Morgan Stanley	4/19/01 – 7/19/01	$1.27	$0.19	6/6
				Salomon Smith Barney	4/18/01 – 7/19/01	$1.20	$0.12	6/6
				UBS Warburg	5/22/01 – 7/5/01	$1.25	$0.17	1/6
5/23/01 – 7/19/01	$1.25	5	39/39	Goldman Sachs	3/30/01 – 12/14/01	$1.32	$0.07	39/39
				Lehman Brothers	4/24/01 – 7/18/01	$1.22	-$0.03	38/39
				Lehman Brothers	7/18/01 – 8/15/01	$1.30	$0.05	1/39
				Merrill Lynch	5/11/01 – 7/19/01	$1.28	$0.03	39/39
				Morgan Stanley	4/19/01 – 7/19/01	$1.27	$0.02	39/39
				UBS Warburg	7/18/01 – 9/25/01	$1.32	$0.07	1/39

EXHIBIT 5D

AOL Time Warner, Inc.
Summary of Banks with Higher 2001 Cash EPS Estimates than CSFB
1/12/01 – 1/29/02 [1]

Source: Multex; Investext; Analyst Reports; The Institutional Investor Magazine

CSFB Estimates				Banks With Higher Concurrent Estimates [2]				
Date Range of Estimate	2001 Cash EPS Estimate	Number of Other Banks with Higher Concurrent Estimates	Number of Trading Days CSFB's Estimate is Lower than at Least One Other Bank / Trading Days in Date Range	Bank	Date Range of Estimate	2001 Cash EPS Estimate	Amount Estimate is Higher than CSFB's Estimate	Number of Trading Days Estimate is Higher than CSFB Estimate / Trading Days in CSFB Date Range
7/19/01 – 8/15/01	$1.29	6	19/19	Bear Stearns	7/19/01 – 9/20/01	$1.30	$0.01	19/19
				Goldman Sachs	3/30/01 – 12/14/01	$1.32	$0.03	19/19
				Lehman Brothers	7/18/01 – 8/15/01	$1.30	$0.01	19/19
				Merrill Lynch	7/19/01 – 9/26/01	$1.33	$0.04	19/19
				Salomon Smith Barney	7/19/01 – 9/24/01	$1.30	$0.01	19/19
				UBS Warburg	7/18/01 – 9/25/01	$1.32	$0.03	19/19
8/15/01 – 9/25/01	$1.22	7	24/24	Bear Stearns	7/19/01 – 9/20/01	$1.30	$0.08	21/24
				Bear Stearns	9/20/01 – 9/25/01	$1.23	$0.01	3/24
				Deutsche Bank	7/30/01 – 9/24/01	$1.28	$0.06	23/24
				Goldman Sachs	3/30/01 – 12/14/01	$1.32	$0.10	24/24
				Lehman Brothers	8/15/01 – 9/25/01	$1.23	$0.01	24/24
				Merrill Lynch	7/19/01 – 9/26/01	$1.33	$0.11	24/24
				Salomon Smith Barney	7/19/01 – 9/24/01	$1.30	$0.08	23/24
				UBS Warburg	7/18/01 – 9/25/01	$1.32	$0.10	24/24

EXHIBIT 5D

AOL Time Warner, Inc.
Summary of Banks with Higher 2001 Cash EPS Estimates than CSFB
1/12/01 – 1/29/02 [1]

Source: Multex; Investext; Analyst Reports; The Institutional Investor Magazine

CSFB Estimates				Banks With Higher Concurrent Estimates [2]				
Date Range of Estimate	2001 Cash EPS Estimate	Number of Other Banks with Higher Concurrent Estimates	Number of Trading Days CSFB's Estimate is Lower than at Least One Other Bank / Trading Days in Date Range	Bank	Date Range of Estimate	2001 Cash EPS Estimate	Amount Estimate is Higher than CSFB's Estimate	Number of Trading Days Estimate is Higher than CSFB Estimate / Trading Days in CSFB Date Range
9/25/01 – 10/18/01	$1.10	9	17/17	Bear Stearns	9/25/01 – 10/18/01	$1.16	$0.06	17/17
				Bernstein Research	9/25/01 – 1/8/02	$1.21	$0.11	17/17
				Deutsche Bank	9/24/01 – 10/12/01	$1.18	$0.08	13/17
				Deutsche Bank	10/12/01 – 10/16/01	$1.17	$0.07	2/17
				Deutsche Bank	10/16/01 – 10/19/01	$1.18	$0.08	2/17
				Goldman Sachs	3/30/01 – 12/14/01	$1.32	$0.22	17/17
				Lehman Brothers	9/25/01 – 11/1/01	$1.15	$0.05	17/17
				Merrill Lynch	7/19/01 – 9/26/01	$1.33	$0.23	1/17
				Merrill Lynch	9/26/01 – 10/18/01	$1.19	$0.09	16/17
				Morgan Stanley	9/25/01 – 10/18/01	$1.14	$0.04	17/17
				Salomon Smith Barney	9/24/01 – 10/18/01	$1.15	$0.05	17/17
				UBS Warburg	9/25/01 – 1/3/02	$1.20	$0.10	17/17
10/18/01 – 1/8/02	$1.20	5	55/55	Bernstein Research	9/25/01 – 1/8/02	$1.21	$0.01	55/55
				Deutsche Bank	11/6/01 – 11/15/01	$1.21	$0.01	7/55
				Deutsche Bank	12/11/01 – 12/14/01	$1.21	$0.01	3/55
				Goldman Sachs	3/30/01 – 12/14/01	$1.32	$0.12	40/55
				Merrill Lynch	10/18/01 – 12/7/01	$1.21	$0.01	35/55
				Salomon Smith Barney	10/18/01 – 1/29/02	$1.21	$0.01	55/55

EXHIBIT 5D

AOL Time Warner, Inc.
Summary of Banks with Higher 2001 Cash EPS Estimates than CSFB
1/12/01 – 1/29/02 [1]

Source: Multex; Investext; Analyst Reports; The Institutional Investor Magazine

CSFB Estimates				Banks With Higher Concurrent Estimates [2]				
Date Range of Estimate	**2001 Cash EPS Estimate**	**Number of Other Banks with Higher Concurrent Estimates**	**Number of Trading Days CSFB's Estimate is Lower than at Least One Other Bank / Trading Days in Date Range**	**Bank**	**Date Range of Estimate**	**2001 Cash EPS Estimate**	**Amount Estimate is Higher than CSFB's Estimate**	**Number of Trading Days Estimate is Higher than CSFB Estimate / Trading Days in CSFB Date Range**
1/8/02 – 1/29/02	$0.90	6	15/15	Bear Stearns	10/18/01 – 1/29/02	$1.14	$0.24	15/15
				Bernstein Research	1/8/02 – 1/29/02	$1.12	$0.22	15/15
				Deutsche Bank	1/3/02 – 1/29/02	$1.16	$0.26	15/15
				Merrill Lynch	1/9/02 – 1/29/02	$0.92	$0.02	14/15
				Salomon Smith Barney	10/18/01 – 1/29/02	$1.21	$0.31	15/15
				UBS Warburg	1/3/02 – 1/29/02	$1.19	$0.29	15/15

Total Trading Days not the Highest Estimate	246
Number of Trading Days (2/1/01 – 1/29/02)	246
Percentage of Trading Days CSFB not the Highest Estimate	100%

Note:

[1] The date range ends on 1/29/02, the day prior to the day that AOL Time Warner reported its 4Q 2001 results.

[2] Reflects data collected for the time period 1/12/01 – 1/29/02 by analysts ranked by the Institutional Investor magazine for their coverage of AOL Time Warner.
industry sectors. The following banks were reviewed: Bear Stearns, Bernstein Research, Deutsche Bank, Goldman Sachs, Lehman Brothers, Merrill Lynch, Morgan Stanley, Salomon Smith Barney, and UBS Warburg.

[3] The comparison of CSFB's Cash EPS to that of the other banks starts on 2/1/01 as it is not clear that CSFB's reports for AOL Time Warner from 1/12/01 to 2/1/01, updated all financials to reflect the combined company's financials. For example, these reports show a fiscal year end of June, corresponding to America Online's fiscal year end, instead of the combined company's fiscal year end of December and Cash EPS numbers that appear to be for America Online.